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SAFEGUARD INQUIRY INTO THE IMPORTATION OF CERTAIN STEEL GOODS

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AUGUST 2002

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FOREWORD

On March 21, 2002, Her Excellency the Governor General in Council, on the recommendation of the Minister of Finance and the Minister for International Trade, pursuant to paragraph 20(*a*) of the *Canadian International Trade Tribunal Act*, directed the Tribunal, by Order in Council No. P.C. 2002-448 as amended by P.C. 2002- 647, to inquire into and report on the importation of certain steel goods.

The purpose of this inquiry was to determine whether the increased imports of any of nine steel products, since 1996, were a principal cause of serious injury, or a threat of serious injury, to Canadian steel producers. The Tribunal was directed, if it made an affirmative finding for any good, to recommend the most appropriate remedy to address the injury or threat of injury, over a three-year period. The Tribunal was also directed to recommend, where appropriate, that goods not available from Canadian steel producers be excluded from any remedy. In conducting its inquiry, the Tribunal was directed to take into account Canada's rights and obligations under international trade agreements.

As required by the Order, the Tribunal submitted a notice of its determinations with respect to serious injury to the Governor in Council on July 4, 2002. The Tribunal was also directed to submit a complete report on the results of the inquiry to the Governor in Council by August 19, 2002. Accordingly, the Tribunal is pleased to submit the attached report.

This inquiry is the most complex ever conducted by the Tribunal. Over 175 parties participated in the inquiry, including Canadian and foreign steel producers, steel importers, steel users, union representatives and the Commissioner of Competition. An unprecedented volume of documents, over 80,000 pages, was filed by the parties to assist the Tribunal with the inquiry. The Tribunal conducted two separate hearings; the first, concerning injury, was held in June and the second, concerning remedies, was held in July.

The Tribunal thanks all of the parties and their counsel and witnesses who participated in this inquiry and provided invaluable assistance to the Tribunal.

The Members also thank the large team of Tribunal staff who responded to the extraordinary demands of this inquiry with unfailing standards of excellence, dedication and professionalism.

Pierre Gosselin
Presiding Member

James A. Ogilvy
Member

Ellen Fry
Member

EXECUTIVE SUMMARY

On March 21, 2002, the Tribunal was directed by Order in Council to conduct a safeguard inquiry concerning the importation into Canada of certain steel goods. This document is the Tribunal's report on the results of the inquiry.

The steel goods subject to the inquiry are: discrete plate; hot-rolled sheet and coil; cold-rolled sheet and coil; corrosion-resistant sheet and coil; hot-rolled bars; angles, shapes and sections; cold-drawn and finished bars and rods; reinforcing bars; and standard pipe. The full description of these goods is appended to the Order in Council, as amended, which is reproduced in Appendix I to this report.

The purpose of the inquiry was to determine whether any of the goods subject to the inquiry "is being imported into Canada from all sources in such increased quantities since the beginning of 1996, and under such conditions, as to be a principal cause of serious injury or threat thereof to domestic producers of like or directly competitive goods". For any affirmative determinations, the Tribunal was directed to provide recommendations on the most appropriate remedy to address, over a period of three years, the injury caused or threatened to be caused by increased imports.

Over 175 parties participated in the inquiry, including domestic producers, union representatives, importers, foreign producers and users of the goods. In addition, a number of foreign governments made submissions. The Tribunal held a 15-day public hearing on injury issues in June and a 2-day public hearing on remedy issues in July. The Tribunal considered evidence from well over 100 witnesses. All parties had the opportunity to file written submissions and make argument. Witnesses at the hearing on remedy issues included a representative of the Commissioner for Competition. The Tribunal was directed to give notice, by July 4, 2002, of any determination respecting injury and to submit a report to the Governor in Council by August 19, 2002.

Determinations and Reasons

On July 4, 2002, the Tribunal determined that increased imports were a principal cause of serious injury to domestic producers of five of the nine steel goods covered by the inquiry. For all these goods, the Tribunal found that imports from Mexico, Israel or another *Canada-Israel Free Trade Agreement* beneficiary, and Chile, were not contributing importantly to the serious injury. For four of the goods, the Tribunal found that increased imports from the United States contributed importantly to the serious injury. For the fifth good, reinforcing bars, the Tribunal found that increased imports from the United States were not contributing importantly to the serious injury.[1]

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1. Canada is a party to free trade agreements with the United States and Mexico (the *North American Free Trade Agreement*), Israel (the *Canada-Israel Free Trade Agreement*) and Chile (the *Canada-Chile Free Trade Agreement*).Throughout the inquiry, the Tribunal took into account Canada's obligations under these agreements. See also Chapter IV.

For the other four steel goods, the Tribunal found that increased imports were not a principal cause of serious injury or threat of serious injury to domestic producers.

Table 1 lists the Tribunal's determinations concerning serious injury.

Table 1
Determinations Concerning Serious Injury

Increased Imports that Caused Serious Injury	Increased Imports that Did Not Cause or Threaten to Cause Serious Injury
1. Discrete Plate	1. Hot-rolled Sheet and Coil
2. Cold-rolled Sheet and Coil	2. Corrosion–resistant Sheet and Coil
3. Reinforcing Bars	3. Hot-rolled Bars
4. Angles, Shapes and Sections	4. Cold-drawn and Finished Bars and Rods
5. Standard Pipe	

The Reasons for the Tribunal's Determinations are summarized as follows.

- **Discrete Plate**

Significantly increased volumes of imports entered Canada in 1998, and import volumes have remained high since 1998. The domestic industry experienced serious injury in 1998 to 2001, and increased imports were the most important cause of that injury. Other factors that contributed to the injury included decreased demand for the goods due to economic factors, production problems and competition among domestic producers. However, none of these other factors was a more important cause of injury than the increased imports. Accordingly, the Tribunal found that increased imports were a principal cause of serious injury.

The United States is Canada's largest source of imports of discrete plate. In 2001, imports from the United States comprised 67 percent of imports of these goods and supplied 22 percent of Canada's total market demand. Imports from the United States contributed importantly to the serious injury experienced by the Canadian producers. Therefore, in accordance with the *North American Free Trade Agreement*, the Tribunal included imports from the United States in its recommendations for safeguard relief.

- **Hot-rolled Sheet and Coil**

Significantly increased volumes of imports entered Canada in 2000, and import volumes have remained high since 2000. The domestic industry experienced serious injury in 2000 and 2001, and increased imports caused part of this injury. However, decreased demand for these goods due to economic conditions was a more important cause of the injury. Accordingly, the Tribunal determined that increased imports were not a principal cause of serious injury. Other factors that contributed to the serious injury were decisions made by domestic producers on allocating production between internal processing and market demand, and competition among domestic producers.

The Tribunal also determined that the evidence did not demonstrate that increased imports are a principal cause of threat of serious injury.

- **Cold-rolled Sheet and Coil**

Significantly increased volumes of imports entered Canada in 1999 and 2000, and import volumes have remained high since 1999. The domestic industry experienced serious injury in 1999 to 2001, and increased imports were the most important cause of that injury. Other factors that contributed to the injury included decreased demand for the goods due to economic factors, production problems, the financial problems of Algoma Steel Inc. and competition among domestic producers. However, none of these other factors was a more important cause of injury than the increased imports. Accordingly, the Tribunal found that increased imports were a principal cause of serious injury.

The United States is Canada's largest source of imports of cold-rolled sheet and coil. In 2001, imports from the United States comprised 79 percent of imports of these goods and supplied 20 percent of Canada's total market demand. Imports from the United States contributed importantly to the serious injury experienced by the Canadian producers. Therefore, in accordance with the *North American Free Trade Agreement*, the Tribunal included imports from the United States in its recommendations for safeguard relief.

- **Corrosion-resistant Sheet and Coil**

Significantly increased volumes of imports entered Canada in 1999, and import volumes have remained high since 1999. The domestic industry experienced serious injury in 1999 to 2001, and increased imports caused part of this injury. However, decreased demand for these goods due to economic conditions was a more important cause of the injury. Accordingly, the Tribunal determined that increased imports were not a principal cause of serious injury. Other factors that contributed to the serious injury were the inability of domestic producers to fully supply some existing customers during the period of peak demand, encouraging them to turn to imports, and competition among domestic producers.

The Tribunal also determined that the evidence did not demonstrate that increased imports are a principal cause of threat of serious injury.

- **Hot-rolled Bars**

Significantly increased volumes of imports entered Canada in 2000, and import volumes have remained high since 2000. The domestic industry experienced serious injury in 2000 and 2001, and increased imports caused part of this injury. However, decreased demand for these goods due to economic conditions was a more important cause of the injury. Accordingly, the Tribunal determined that increased imports were not a principal cause of serious injury.

The Tribunal also determined that the evidence did not demonstrate that increased imports are a principal cause of threat of serious injury.

- **Angles, Shapes and Sections**

Significantly increased volumes of imports entered Canada in 1999 and 2000, and import volumes have remained high since 2000. The domestic industry experienced serious injury in 1999 to 2001, and increased imports were the most important cause of that injury. Other factors that contributed to the injury included decreased domestic demand for the goods due to economic factors and inventory buildup by purchasers, a labour stoppage and financial problems at Co-Steel Lasco, a division of Co-Steel Inc., and decreased demand in export markets. However, none of these other factors was a more important cause of injury than the increased imports. Accordingly, the Tribunal found that increased imports were a principal cause of serious injury.

The United States is Canada's largest source of imports of angles, shapes and sections. In 2001, imports from the United States comprised 61 percent of imports of these goods and supplied 32 percent of Canada's total market demand. Imports from the United States contributed importantly to the serious injury experienced by the Canadian producers. Therefore, in accordance with the *North American Free Trade Agreement*, the Tribunal included imports from the United States in its recommendations for safeguard relief.

- **Cold-drawn and Finished Bars and Rods**

Significantly increased volumes of imports entered Canada in 1999 and 2000, and import volumes have remained high since 2000. The domestic industry experienced some injury in 2001. However, the industry remains profitable despite the injury that it has suffered, and its financial returns are only somewhat less than in 1996. The Tribunal also noted that the domestic industry's financial returns would have been greater if its factory overhead had not increased significantly since 1996. International trade agreements provide that, to qualify for safeguard relief, the domestic industry must experience serious injury - injury so great that it causes significant overall impairment. The Tribunal determined that the injury experienced by the domestic industry was not sufficient to qualify for safeguard relief.

The Tribunal also determined that the evidence did not demonstrate that increased imports are a principal cause of threat of serious injury.

- **Reinforcing Bars**

Significantly increased volumes of imports entered Canada in 2000, and import volumes have remained high since 2000. The domestic industry experienced serious injury in 2000 and 2001, and increased imports were the most important cause of that injury. Other factors that contributed to the injury included a work stoppage at Co-Steel Lasco and decreased demand for the goods due to a buildup of purchaser inventories. However, neither of these other factors was a more important cause of injury than the increased imports. Accordingly, the Tribunal found that increased imports were a principal cause of serious injury.

In 2001, imports from the United States comprised 36 percent of imports of reinforcing bars and supplied 15 percent of Canada's total market demand. However, a large proportion of imports from the United States were sold in the B.C. market, where domestic producers did not have a strong presence. Imports from the United States did not contribute importantly to the serious injury experienced by the Canadian producers. Therefore, in accordance with the *North*

American Free Trade Agreement, the Tribunal excluded imports from the United States from its recommendations for safeguard relief.

- **Standard Pipe**

Significantly increased volumes of imports entered Canada in 1999 and 2000, and import volumes have remained high since 2000. The domestic industry experienced serious injury in 1999 to 2001, and increased imports were the most important cause of that injury. Other factors that contributed to the injury included industry production issues and financial difficulties of Stelpipe Ltd. However, neither of these other factors was a more important cause of injury than the increased imports. Accordingly, the Tribunal found that increased imports were a principal cause of serious injury.

The United States is Canada's largest source of imports of standard pipe. In 2001, imports from the United States comprised 61 percent of imports of these goods and supplied 49 percent of Canada's total market demand. Imports from the United States were an important cause of the serious injury experienced by the Canadian producers. Therefore, in accordance with the *North American Free Trade Agreement*, the Tribunal included imports from the United States in its recommendations for safeguard relief.

Remedy Recommendations

The Order, at section 4, directs the Tribunal to provide recommendations as to the most appropriate remedy to address, over a period of three years, the serious injury caused by increased imports. The Order also directs the Tribunal to take account of Canada's obligation under the *North American Free Trade Agreement* and other international agreements.

The Tribunal sought the views of interested parties on this subject, requesting that they include them in their submissions prior to the injury hearing on June 10-28, 2002 and again prior to the Tribunal's remedy hearing on July 24-25, 2002.

In arriving at its recommendations on the most appropriate remedy, the Tribunal sought to establish a reasonable balance between the needs of the producers injured by increased imports and those of the downstream users of the goods. The Tribunal also sought to minimize the cost to the economy.

In four of the five cases where the Tribunal determined that increased imports had been a principal cause of serious injury, imports from the United States accounted for a substantial share of those increased imports and contributed importantly to the serious injury. Accordingly, the remedy for those goods covers imports from the United States.

The Tribunal considered all of the evidence and argument presented on the subject of remedies, including the suitability of all the types of remedies available. The Tribunal believes that a Tariff Rate Quota[2] is the best remedy available to it to address the injury to the domestic producers while balancing the interests of downstream users and minimizing the cost to the economy.

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[2] See Chapter XIV for an explanation of a tariff rate quota and other trade remedies available.

The remedy proposed restores the volume of imports to a non-injurious level and includes an element of growth consistent with the actual growth of the market for that product during the period of inquiry. Beyond those volumes, the measure imposes a high tariff to preclude a recurrence of injurious import surges.

This remedy recognizes that under the *North American Free Trade Agreement*, the market for steel is integrated on a North American basis. Accordingly, it reserves a portion of the Tariff Rate Quota for imports from the United States. The Tariff Rate Quota provides for tariff free imports up to a volume the Tribunal held to be non-injurious, allowing market forces to continue to dictate the price for steel goods within this integrated market.

The remainder of the Tariff Rate Quota is open to all countries. This proposal allows the market to dictate the needed supply of goods and the pattern of trade. For imports from all sources, the Tariff Rate Quota is administered on a first-come-first-served basis.

For reinforcing bars, for which no remedy applies to imports from the United States, the Tribunal recommends a tariff as the most appropriate remedy.

Table 2
Recommendations on Remedy
(000 tonnes)

TRQ Recommendations		**In-quota Volume**	**U.S. Allocation**	**Above-quota Surtax**
Discrete Plate	First Year	334	213	25%
	Second Year	343	219	18%
	Third Year	352	225	12%
Cold-Rolled Sheet and Coil	First Year	360	229	15%
	Second Year	366	233	11%
	Third Year	371	237	7%
Angles, Shapes and Sections	First Year	300	216	20%
	Second Year	323	233	15%
	Third Year	349	251	10%
Standard Pipe	First Year	231	168	15%
	Second Year	243	177	11%
	Third Year	256	186	7%
Surtax Recommendation		**Surtax**		
Reinforcing Bars	First Year	15%		
	Second Year	11%		
	Third Year	7%		

Exclusions

In addition, the Order in Council directed the Tribunal to provide recommendations "to exclude from any remedy goods that are not available from domestic producers".[3] The Tribunal received 280 requests for exclusion concerning the above five goods. After considering the submissions of both the requesters and the domestic producers, the Tribunal has recommended that the Government grant, in full or in part, 215 requests for exclusion that certain goods be excluded from any safeguard remedy (see Appendix IV).

Developing Countries

The Tribunal also took into account Canada's obligations under international trade agreements, which require that imports from developing countries be excluded from safeguard remedies if certain criteria are met. Accordingly, the Tribunal has recommended that imports from countries considered to be developing countries by the Development Assistance Committee of the Organisation for Economic Co-operation and Development that meet these criteria be excluded from any safeguard remedy (see Chapter XIV).

Review

The Tribunal also recommends that the Government periodically review these measures to ensure they are still appropriate, establish an ongoing process to handle requests for exclusions from the measures, monitor the excluded imports from our free trade partners and monitor compliance of developing countries with the conditions of their exclusion.

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3. Paragraph 5(b) of the Order in Council.

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CHAPTER I

INTRODUCTION

1. Order in Council

On March 21, 2002, the Tribunal was directed, under the terms of the *Order Directing the Canadian International Trade Tribunal to Inquire Into and Report on the Importation of Certain Steel Goods*,[4] as amended[5] (the Order), to conduct a safeguard inquiry concerning the importation into Canada of certain steel goods. This document is the Tribunal's report on the results of the inquiry.

The Order was made on the recommendation of the Minister of Finance and the Minister for International Trade, pursuant to paragraph 20(*a*) of the *Canadian International Trade Tribunal Act*.[6] On April 18, 2002, the Governor in Council amended the initial Order with respect to the description of certain of the specified goods.

The Order defines the scope of the inquiry and establishes the different considerations and factors to be taken into account by the Tribunal. The Tribunal was directed to give notice to the Governor in Council of its determinations with respect to injury on July 4, 2002. If it made any determinations that increased imports were a principal cause of serious injury or threat thereof, it was directed to make recommendations to the Governor in Council on the most appropriate remedy to address, over a period of three years, the injury caused or threatened by increased imports. The Order also directed the Tribunal to provide recommendations to exclude from any remedy goods not available from domestic producers. The Tribunal was to submit its report no later than August 19, 2002.

The Order, and the amendment thereto, is reproduced in Appendix I to this report.

2. Organization of the Report

This report is divided into 14 chapters.

Chapter I provides general information concerning the conduct of the inquiry.

Chapter II describes the international context of the inquiry.

Chapter III provides the product descriptions of the goods covered by this safeguard inquiry.

Chapter IV sets out the legal framework of the inquiry.

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[4] P.C. 2002-448.

[5] P.C. 2002-647 (18 April 2002). See Appendix I for the orders.

[6] R.S.C. 1985 (4th Supp.), c. 47 [hereinafter CITT Act].

Chapters V to XIII provide the reasons for the Tribunal's determinations on injury for each of the nine goods.

For the five goods for which the Tribunal determined that increased imports caused serious injury, Chapter XIV provides the Tribunal's recommendations on remedies. It also includes the Tribunal's recommendations on product exclusions and developing countries.

3. Conduct of the Inquiry

On March 25, 2002, the Tribunal notified all persons and governments known to have an interest in the inquiry of the commencement of a safeguard inquiry. It published its notice of commencement of the safeguard inquiry in the *Canada Gazette*. The Tribunal's notice, together with all key Tribunal documents, including the Tribunal's pre-hearing staff reports, were posted on the Tribunal's Web site (http://www.citt-tcce.gc.ca/Safeguar/index_e.htm).

The Tribunal's notice of commencement of a safeguard inquiry included a detailed schedule of events, giving dates when parties were to file notices of participation, make submissions and reply to the submissions of others. A copy of the notice can be found in Appendix III. The notice also announced that the Tribunal would hold a three-week public hearing on injury starting on June 10, 2002 and that it might conduct a short hearing on remedy. On May 3, 2002, the Tribunal informed interested parties of the procedure that it would apply to the injury hearing, including the selection of witnesses.

a) Public Hearings

At the public hearing on injury, the Tribunal questioned witnesses for the domestic producers, importers, foreign producers and users of the various steel goods on the key issues being addressed in the inquiry. Parties were provided with the opportunity to question witnesses and make argument.

On July 5, 2002, after giving notice that it had made determinations that increased imports had been a principal cause of serious injury in the case of five steel goods, the Tribunal informed parties and others that had been notified of the commencement of the inquiry that it would hold a public hearing on remedies starting on July 24, 2002. Its communication provided those that had not participated in the injury phase of the inquiry with the opportunity to participate in the remedy phase, and it invited parties to make and respond to submissions on remedies.

At the public hearing on remedies, the Tribunal questioned witnesses for the domestic producers, importers and users of the various steel goods, as well as a representative of the Commissioner of Competition. Parties were provided with the opportunity to question witnesses and make argument.

Annexes to the individual product chapters include a list of the witnesses who appeared at the public hearings on injury, including those who were not parties but who were invited by the Tribunal to appear because of their particular knowledge of the matters being considered. In addition, these Annexes include lists of parties that made written injury submissions. Appendix X to this report lists the witnesses who appeared at the public hearing on remedies.

b) Goods not Available in Canada

On April 16, 2002, the Tribunal invited parties that intended to request exclusions from any remedy for goods not available in Canada to make submissions. Parties were provided direction on the type of evidence being sought by the Tribunal. Domestic producers were given an opportunity to respond to submissions for product exclusions and, subsequently, those requesting exclusions were given a right of reply to any objections filed by the domestic producers. The Tribunal's recommendations on product exclusions are dealt with in Chapter XIV.

4. Participation in the Inquiry

One hundred and seventy-eight parties filed notices of participation in the inquiry. Many made written submissions with respect to the questions of injury and remedy. In addition, many parties replied to the submissions of others. A full listing of the parties can be found in Appendix VII.

5. Tribunal Investigation

The Tribunal's fact-finding investigation was based primarily on a questionnaire survey of domestic producers, importers, foreign producers and users of the nine different steel goods subject to the inquiry. On March 25, 2002, the Tribunal sent out 173 questionnaires to domestic producers, importers and foreign producers of the goods. The Tribunal received 215 responses, more than had been solicited, as many importers and foreign producers completed the questionnaires that had been posted on the Tribunal's Web site. In addition, the Tribunal sent market characteristics questionnaires to purchasers of the steel products under inquiry. The Tribunal received 155 responses, more than had been solicited, as many purchasers completed the questionnaires available on the Web site. The names of the firms that responded to the questionnaire survey can be found in the separate product chapters of the report.

Questionnaire respondents provided economic and other information for the period 1996 to 2001 inclusive. Other key information included import data from Statistics Canada, data from the International Monetary Fund and the Organisation for Economic Co-operation and Development (OECD), reports by members of the World Trade Organization (WTO) on trade-restrictive actions relating to steel goods subject to the Tribunal's inquiry, and special reports provided by the Department of Foreign Affairs and International Trade, for the period 2000 to May 2002, derived from the Steel Import Monitoring Programme.

The Tribunal based its analysis on information for the period 1996 to 2001 and on the very limited information for 2002 that was available. References in this report to the period of inquiry generally means the period 1996 to 2001, given the limitations of the information available for 2002.

The Tribunal prepared pre-hearing staff reports for parties to use as a common factual starting point in addressing the issues in the injury phase of the inquiry. In addition to a general report covering methodological matters and giving an overview of the Canadian steel industry and market, separate reports on the industry and market were prepared for each of the nine products. Separate market characteristics reports were also prepared for each of the products. Supplemental staff reports were issued, providing the most recently available data on a quarterly basis, up to the first quarter of 2002, on imports of steel goods based on Statistics Canada import data.

In the remedy phase of the inquiry, the Tribunal again issued pre-hearing staff reports. In addition, the Tribunal invited the Commissioner of Competition to provide views on what would be appropriate remedies, with particular emphasis on the effects of any remedy on competition in the steel industry and the effects on users of steel goods.

The Tribunal's record of written material filed for purposes of the inquiry was extensive, comprising over 80,000 pages.

CHAPTER II

WORLD STEEL MARKETS AND CANADA

1. International Context - Global Steel Trade Issues

There is significant world trade in the nine steel goods covered by this inquiry. Through the years, there has been a history of global trade-related issues and trade disputes involving steel. Over the last 30 years, major steel-producing and -consuming areas, such as the European Union and the United States, have implemented trade-restricting regimes for steel. Anti-dumping and countervailing duty measures have also been numerous in many parts of the world, including Canada.

Notwithstanding the numerous global issues that emerged in international steel trade, Canada and other industrialized countries made commitments under the Uruguay Round, towards greater liberalization in steel trade. In addition to commitments to remove trade-restrictive import regimes, governments decided to eliminate tariffs on imports of steel products. Tariff reductions were phased in starting in 1995.

A recent and ongoing issue that has resulted in major international negotiations revolves around global capacity to produce steel. Negotiations to address the issues respecting steel capacity have been underway in the OECD since September 2001. A recent key development has been steel safeguard measures imposed by the United States in March 2002 for a period of three years. These were followed by provisional safeguard measures by the European Union. Other countries, such as the People's Republic of China and Mexico, also implemented similar measures.

2. Canadian Steel Production

The nine steel goods subject to the inquiry account for the bulk of carbon and alloy steel produced in Canada. There are 17 firms producing these products, located primarily in Ontario and Quebec, but also in each of the four western provinces. The Canadian steel industry employed close to 30,000 persons in 2001 and had sales of $10 billion.

The use of steel in the economy is widespread. The most important steel-using sectors are manufacturing, particularly the automotive and transport equipment industries, and construction.

3. Canada's Steel Import Regime

As of January 1, 2002, almost all imports of steel goods into Canada covered by the inquiry are subject to Most Favourite Nation (MFN) duty-free tariff treatment. Tariffs on the remaining few goods, still subject to duties in the 2 to 2.5 percent range, will be eliminated no later than January 1, 2004. Canada extends MFN treatment to imports of steel products from countries, such as the Russian Federation, that are not members of the WTO.

Imports of steel products from the United States became duty free on January 1, 1998, under the *Canada-United States Free Trade Agreement* of 1988. Under the *North American Free Trade Agreement*,[7] Canada committed to the elimination of tariffs on imports of steel products from Mexico, the reductions in tariff being phased in over 10 years starting in 1993.

Canadian anti-dumping measures currently apply to imports of six of the nine products subject to the inquiry. Certain products are also subject to Canadian countervailing measures. Some measures have been in place for several years, and many of them are not scheduled to expire before 2004 or 2005.

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[7] 32 I.L.M. 289 (entered into force 1 January 1994) [hereinafter NAFTA].

CHAPTER III

GOODS COVERED BY THE INQUIRY

1. Descriptions of the Goods

The goods subject to the inquiry are flat-rolled carbon and alloy steel goods, carbon and alloy "long" steel goods and welded and seamless, carbon and alloy tubular steel goods.

As required by the Order, the goods with respect to which the Tribunal conducted its inquiry are the following:

1. flat-rolled carbon and alloy steel discrete plate;
2. flat-rolled carbon and alloy steel hot-rolled sheet and coil;
3. flat-rolled carbon and alloy steel cold-rolled sheet and coil;
4. flat-rolled carbon and alloy steel corrosion-resistant sheet and coil;

   The foregoing goods (1-4) include floor-patterned plate, prepainted steel and corrosion-resistant steel coated with zinc or zinc in combination with aluminum. They exclude clad plate; pressure vessel quality (PVQ) plate over 3.125" thick; other plate over 5" thick; cold-rolled sheet that is not annealed (commercially known as "full hard" cold-rolled sheet) for metallic coating; grain-oriented electric steel sheet; certain proprietary grades of corrosion-resistant steel known as *Tribrite, Trichrome* and *Triclear*; aluminized steel sheet; aluminum clad sheet; and stainless grades of flat-rolled steel products.

5. carbon and alloy steel hot-rolled bars;
6. carbon and alloy steel angles, shapes and sections;
7. carbon and alloy steel cold-drawn and finished bars and rods;
8. carbon and alloy steel concrete reinforcing bars; and

   The foregoing goods (5-8) include alloy tool and mould steel bars, both hot- and cold-finished. They exclude I-sections of a height exceeding 152.4 millimetres and H-sections of a height exceeding 152.4 millimetres; "leaded" grades of hot-rolled bars; and stainless grades of long steel products.

9. welded and seamless carbon and alloy tubular standard steel pipe to 16"O.D.

   The foregoing good (9) includes waterwell casing, sprinkler pipe and piling pipe.

2. Harmonized System (HS) Codes

The Order required the Tribunal to inquire into all imports of the specified steel goods from all sources. The only source of data on all imports of the goods from all sources is trade statistics produced by Statistics Canada, which publishes data on the volumes and value for duty of imports originating in all countries.

The key to extracting import data from Statistics Canada import data is the 10-digit HS Code under which a good is recorded when it enters Canada. The Order did not include a list of the 10-digit HS Codes under which the goods are imported, but the Tribunal's staff, in conjunction with a tariff classification expert from the Canada Customs and Revenue Agency, established such a list for each of the nine goods. These lists were used to generate the import data to estimate trends in imports. They were not intended to delimit precisely the scope of the Tribunal's inquiry, which is determined by the list of specified goods in the Annex to the Order. The Tribunal posted the lists of HS Codes on its Web site.

Notwithstanding the extensive verification process undertaken by the Tribunal's staff, it is still possible that the import data used in the fact-finding phase of the inquiry may contain data on imports of certain goods not subject to the inquiry. In addition, it is also possible that imports of some goods subject to the inquiry may not have been included if the HS Code under which they enter was not included in the HS lists established by the Tribunal staff. However, given the extensive verifications that were made, the Tribunal considers that the import data generated using the HS lists provided the best and most reliable basis for assessing import trends over the period of inquiry. A listing of the HS Codes for each product is included as an annex to each product chapter in this report. The methodology used to establish the lists of HS Codes is explained in the general pre-hearing staff report and is reproduced in Appendix XI.

CHAPTER IV

LEGAL FRAMEWORK OF THE INQUIRY

1. Overall Legal Framework

Paragraph 20(*a*) of the CITT Act provides that the Tribunal shall inquire into and report to the Governor in Council on any matter in relation to the importation of goods into Canada in such increased quantities and under such conditions as to be a principal cause of serious injury or threat thereof to domestic producers of like or directly competitive goods. Subsection 20.2(1) of the CITT Act further provides that the Tribunal shall conduct an inquiry under section 20 and shall prepare its report thereon in accordance with the Order established by the Governor in Council.

On March 21, 2002, the Tribunal was directed by the Governor in Council, on the recommendation of the Minister of Finance and the Minister for International Trade and pursuant to paragraph 20(*a*) of the CITT Act, to undertake a safeguard inquiry into the importation of certain steel goods into Canada. The Order defines the scope of the inquiry and establishes the different considerations and factors to be taken into account by the Tribunal.

Section 1 of the Order directs the Tribunal to have regard to Canada's rights and obligations under international trade agreements in the conduct of its inquiry. The WTO *Agreement on Safeguards* (the Safeguard Agreement), the *General Agreement on Tariffs and Trade 1994* (GATT), NAFTA, *Canada-Israel Free Trade Agreement* (CIFTA) and the *Canada-Chile Free Trade Agreement* (CCFTA) are the relevant international trade agreements for the purposes of the Tribunal's inquiry[8].

In summary, in conducting its inquiry, the Tribunal was required to act in accordance with the requirements of the Order, and the relevant portions of the CITT Act and the *Canadian International Trade Tribunal Regulations* (the CITT Regulations), having regard to Canada's rights and obligations under international trade agreements.

2. Tribunal's Injury Analysis

a) Overview

Pursuant to section 2 of the Order, the Tribunal was to determine whether any of the goods specified is being imported into Canada from all sources in such increased quantities since the beginning of 1996, and under such conditions, as to be a principal cause of serious injury or threat thereof to domestic producers of like or directly competitive goods, on the basis of all the relevant factors. As an initial step, the Tribunal needed to determine how many classes of goods were contained in the schedule to the Order. For each separate class of goods, the Tribunal conducted the analysis described below.

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[8] Canada is a member of the WTO, has signed the safeguard agreement and is a party to free trade agreements with the United States and Mexico (NAFTA), Israel (CIFTA) and Chile (CCFTA). Throughout the inquiry, the Tribunal took into account Canada's rights and obligations under these agreements.

First, the Tribunal determined which domestically produced steel goods are "like or directly competitive goods" to the subject goods found to constitute a class of goods. Next, the Tribunal identified the domestic producers of like or directly competitive goods.

The Tribunal then determined whether there had been a significant increase in the importation of the subject goods, either in absolute terms, or relative to the domestic production of like or directly competitive goods, during the period of inquiry. If it found that such an increase had occurred, the Tribunal determined whether the increased imports resulted from unforeseen developments and from the effect of the obligations incurred by Canada as a contracting party under GATT. If these two prerequisite conditions were met, the Tribunal then proceeded with its analysis of whether serious injury had occurred.

If, following its analysis, the Tribunal concluded upon examination of each injury factor that the domestic producers of like or directly competitive goods incurred serious injury, it had to determine whether the significant increase in imports is a principal cause of this serious injury. In doing so, the Tribunal took into account the other possible causes of the serious injury to assess their nature and extent and to determine whether any of these other causes had a greater effect than the increased imports. If the Tribunal found that the increased imports are not a principal cause of serious injury or that the domestic producers did not suffer serious injury, it examined whether there is a threat of serious injury. If the Tribunal had found that there is a threat of serious injury, it would have been required to assess whether the increase in imports is a principal cause of that threat.

Where the Tribunal found that the increase in imports is a principal cause of serious injury or threat thereof, it proceeded to determine whether imports of the good from a NAFTA country, Israel or another CIFTA beneficiary,[9] or Chile each account for a substantial share of total imports of that good and contribute importantly to the serious injury or threat thereof. Where the Tribunal determined that imports of a good from a NAFTA country, Israel or another CIFTA beneficiary, and Chile do not account for a substantial share of total imports of that good, or do not contribute importantly to the serious injury or threat thereof, it proceeded to determine whether that good is imported into Canada from all sources not covered by any such determination in such increased quantities and under such conditions as to be a principal cause of serious injury or threat thereof to domestic producers of like or directly competitive goods.

Each of the foregoing elements of the Tribunal's analysis is discussed in more detail below.

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[9] The Regulations Defining Certain Expressions for the Purposes of the Customs Tariff provides, under section 1, that:

> "Israel or another CIFTA beneficiary" means the territory where the customs laws of Israel are applied and includes the territory where those laws are applied in accordance with Article III of the Protocol on Economic Relations set out in Annex V of the Israeli-Palestinian Interim Agreement on the West Bank and the Gaza Strip, dated September 28, 1995, as that Protocol is amended from time to time.

b) Classes of Goods Imported into Canada

On April 16, 2002, the Tribunal sought written submissions from parties on whether the Tribunal should make separate determinations with respect to each of the three groupings of goods (flat-rolled carbon and alloy steel products; carbon and alloy "long" steel products and welded and seamless carbon and alloy tubular steel products) referred to in the Order or, in the alternative, with respect to each of the nine specific types of goods referred to in the Order (flat-rolled carbon and alloy steel discrete plate; flat-rolled carbon and alloy steel hot-rolled sheet and coil; flat-rolled carbon and alloy steel cold-rolled sheet and coil; flat-rolled carbon and alloy steel corrosion-resistant sheet and coil; carbon and alloy hot-rolled bars; carbon and alloy hot-rolled shapes and light and intermediate structurals;[10] carbon and alloy cold-drawn and finished bars and rods; carbon and alloy concrete reinforcing bars; and welded and seamless carbon and alloy tubular steel pipe to 16"O.D.). On May 3, 2002, the Tribunal advised the parties that it had decided to conduct its inquiry on the basis of the nine specific types of goods referred to in the schedule to the Order.

In their written submissions, domestic producers of steel submitted that there were three classes of goods and that, accordingly, the Tribunal should make three separate determinations with respect to injury. They submitted that the Order names three separate classes of goods and that it is not within the Tribunal's authority to alter or reconfigure these classes. With respect to the flat-rolled steel products, the domestic producers submitted that their production processes are similar, that their physical and chemical properties are largely similar and that there is a close relationship between the pricing structure for these products. With respect to "long" steel products, the domestic producers submitted that they also exhibit common physical properties and similar production processes. Relying on the definition of serious injury in the CITT Regulations, the domestic producers further submitted that the inquiry was to be industry-focused rather than product-focused.

The Tribunal also received submissions from parties opposed to the domestic producers supporting the position that there are nine classes of goods subject to this inquiry.

The Tribunal first notes that the schedule of specified goods in respect of which the Tribunal must conduct its inquiry simply lists nine separate steel goods organized in three groups. The Order does not direct the Tribunal to examine only these three broad groups. Indeed, it directs the Tribunal to investigate with respect to "any" good. Further, the Order does not characterize these three groups as classes of goods. The responsibility of establishing classes of goods rests with the Tribunal.

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[10] On April 18, 2002, the Governor in Council issued an order, P.C. 2002-647, that replaced carbon and alloy hot-rolled shapes and light and intermediate structurals by carbon and alloy angles, shapes and sections.

As in a SIMA inquiry, in determining whether goods are part of a single class of goods, the Tribunal must determine whether they are like or directly competitive to each other.[11] Section 3 of the CITT Regulations describes "like or directly competitive goods" as follows:

> "like or directly competitive goods" means
> (*a*) goods that are identical in all respects to the goods that are the subject of a complaint, or
> (*b*) in the absence of any identical goods referred to in paragraph (*a*), goods the uses and other characteristics of which closely resemble those goods that are the subject of a complaint.

As indicated below in the section entitled "Like or Directly Competitive Goods", in the Tribunal's view, that definition should be applicable whether the safeguard inquiry results from a complaint filed by domestic producers or from a reference by the Governor in Council.

The key question is whether there are three classes of goods or nine classes of goods. For the domestic producers' position to prevail, the goods comprising, for example, the flat-rolled product grouping would have to be like or directly competitive to each other. For instance, hot-rolled steel sheet and coil would have to be like or directly competitive to corrosion-resistant steel sheet and coil.

With respect to paragraph (*a*) of the definition of "like or directly competitive goods", it is clear that, for example, hot-rolled steel sheet and coil are not identical to corrosion-resistant steel sheet and coil. With respect to paragraph (*b*) of the definition, for the purpose of determining whether the goods have uses and other characteristics that closely resemble each other, recourse can be had to the jurisprudence developed by the Tribunal. In considering the second branch of the definition in the context of decisions made under the *Special Import Measures Act*,[12] the Tribunal typically looks at a number of factors, including the physical characteristics of the goods, their method of manufacture, their market characteristics (such as substitutability, pricing and distribution), and whether the goods fulfil the same customer needs.[13]

Given these factors, the Tribunal cannot conclude that there are only three separate classes of goods. For example, a comparison based on the above criteria between hot-rolled steel sheet and coil and corrosion-resistant steel sheet indicates that they are not like or directly competitive to each other. Hot-rolled steel sheet and coil do not resist corrosion as corrosion-resistant steel sheet and coil do; they are primary inputs into the production of corrosion-resistant steel sheet and coil and their production process is, therefore, not the same; more transformation processes are required to produce corrosion-resistant steel sheet. The market characteristics of the two products differ; although their distribution channels may be similar, hot-rolled steel sheet is not substitutable for the corrosion-resistant steel sheet and it sells for considerably less. Finally, hot-rolled steel sheet and coil and corrosion-resistant steel sheet do not fulfil the same customer needs.

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[11] *Faced Rigid Cellular Polyurethane-modified Polyisocyanurate Thermal Insulation Board* (11 April 1997), NQ-96-002 (CITT) at 10. As indicated below, the definition of like goods in the *Special Import Measures Act* and the definition of "like or directly competitive goods" in the CITT Regulations are very similar.

[12] R.S.C. 1985, c. S-15 [hereinafter SIMA].

[13] *Certain Cold-rolled Steel Sheet Products* (24 October 2001), NQ-2001-002 (CITT); *Certain Flat Hot-rolled Carbon and Alloy Steel Sheet and Strip* (4 September 2001), NQ-2001-001 (CITT).

The Tribunal does not accept the domestic producers' argument that a safeguard inquiry is industry-focused rather than product-focused. In *United States – Safeguard Measures on Imports of Fresh, Chilled or Frozen Lamb Meat from New Zealand and Australia*,[14] the Appellate Body stated:

> If an input product and an end-product are not "like" or "directly competitive", then it is irrelevant, under the *Agreement on Safeguards*, that there is a continuous line of production between an input product and an end-product, that the input product represents a high proportion of the value of the end-product . . . or that there is a substantial coincidence of economic interests between the producers of these products.[15]

Although this statement was made in relation to an analysis of domestic like or directly competitive goods, in the Tribunal's view, it is equally applicable when assessing the like or directly competitive relationship in conducting an analysis of classes of goods.

Apart from submissions as to whether the goods subject to this inquiry should be divided into three or nine separate classes of goods, the Tribunal also received a request that tool steel be considered as a separate class of goods, a request that welded standard pipe and seamless standard pipe be considered as two separate classes of goods and a request that PVQ plate be considered as a separate class of goods.

- **Tool Steel**

Parties submitting that tool steel (including mould steel and high speed steel) be considered as a separate class of goods argued that the chemical composition, physical characteristics, production processes, end uses and pricing of tool steel set it apart from other carbon and alloy steel products.

In the Tribunal's view, tool steel does not constitute a separate class of goods. Although all tool steel may have similar chemical and mechanical properties, it is made from different steel products, such as discrete plate and cold-drawn and finished bars and rods. The fact that it is made from such different steel products precludes the classification of tool steel in a single class of goods. The Tribunal notes that differing end uses are served by products found in various classes of goods. Automotive steel is a good example. Products for automotive uses are found in different classes of goods. Although they have the same end use broadly speaking, they are not part of a distinct class of goods. The Tribunal finds that, just as it is appropriate for automotive cold-drawn and finished bars and rods to be classified as cold-drawn and finished bars, it is also appropriate for tool steel made from cold-drawn and finished bars to be classified as cold-drawn and finished bars.

The Tribunal also notes that the description of "long" steel products in the Order specifically indicates that some tool steel should be dealt with as part of "long" steel products.

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[14] (1 May 2001), WTO Doc. WT/DS177/AB/R, WT/DS178/AB/R (WTO) [hereinafter *Lamb Meat*].

[15] *Lamb Meat* at para. 90.

To deal with this type of tool steel as part of a separate "tool steel" class of goods that would include all tool steel subject to the inquiry would violate the terms of the Order.

- **Standard Pipe**

The European Steel Tube Association (ESTA) submitted that seamless standard pipe and welded standard pipe should constitute separate classes of goods. It submitted that seamless standard pipe and welded standard pipe differ by way of uses, end users, physical characteristics, production process and production equipment, capital investment, unit cost and distribution channels.

The Tribunal notes that there is seamless standard pipe made to the same American Society for Testing and Materials (ASTM) specification as welded standard pipe. For example, there are both seamless and welded A53 standard pipe. In this case, although their production processes differ, they are substitutable and serve the same end uses, i.e. ordinary uses in steam, water, gas and air lines. Further, in response to ESTA's reliance on the decision of the United States International Trade Commission to separate welded and seamless pipe into two classes of goods, the Tribunal notes that the U.S. body's inquiry covered a broad range of tubular products, whereas the Tribunal's inquiry was limited to "standard" pipe. The Tribunal is of the view that the key characteristic of the pipe products covered by this inquiry is that they are standard pipe, regardless of whether they are welded or seamless. Therefore, the Tribunal finds that seamless standard pipe and welded standard pipe constitute a single class of goods.

- **PVQ Plate**

The Alberta Pressure Vessel Manufacturers' Association (APVMA) requested that the Tribunal recognize that discrete PVQ plate and discrete structural plate are not like goods. APVMA submitted that PVQ plate and structural plate do not serve the same customers, do not have the same end-uses, and do not compete with each other.

This issue has already been addressed by the Tribunal in NQ-99-004,[16] in which the subject goods, hot-rolled carbon steel plate and high-strength low-alloy steel plate, included plate made to the specifications A515 and A516/M/A516. These specifications were described as including PVQ plate. In determining whether the subject goods comprised more than one class of goods, the Tribunal, taking into account the factors that it typically considers, stated the following:

> It is clear to the Tribunal that, generally, there are different end uses for plate of different thicknesses and/or specifications. That being said, all plate is subject to common methods of production and has similar market characteristics, such as pricing structures and channels of distribution. In this regard, the Tribunal notes evidence adduced at the hearing that indicated that the price of plate with a particular thickness or specification, such as PVQ, is derived from the base price set for standard structural plate. Specific dollar amount extras are then charged for different thicknesses and chemical or mechanical properties. The Tribunal is of the view that plate meeting a particular specification can be substituted in applications requiring less demanding specifications. Such substitution is more likely to

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[16] *Certain Hot-rolled Carbon Steel Plate* (27 June 2000).

> happen when this plate is being offered at prices that are competitive with those of other plate. Therefore, the Tribunal finds that there is one class of goods for the purposes of this inquiry.[17]

The Tribunal sees no reason to depart from its previous conclusions in this inquiry. The Tribunal is of the view that PVQ plate is "like or directly competitive goods" to structural plate, and that, consequently, it does not constitute a separate class of goods for the purpose of this inquiry.

For the foregoing reasons, the Tribunal finds that there are nine classes of goods. The Tribunal conducted its inquiry and makes determinations along those lines.

c) Like or Directly Competitive Goods

In conducting its analysis, the Tribunal has to determine which domestically produced steel goods are "like or directly competitive goods" to the subject goods under review. In doing so, the Tribunal relied on the definition of "like or directly competitive goods" found at section 3 of the CITT Regulations. It reads as follows:

> For the purposes of the Act,
>
> "like or directly competitive goods" means
>
> (*a*) goods that are identical in all respects to the goods that are the subject of a complaint, or
>
> (*b*) in the absence of any identical goods referred to in paragraph (*a*), goods the uses and other characteristics of which closely resemble those goods that are the subject of a complaint.

Although the Tribunal notes that this definition refers to goods that "are the subject of a complaint", it is of the view that the definition also applies to an inquiry referred to the Tribunal pursuant to paragraph 20(*a*) of the CITT Act. In the case of a complaint filed by the domestic producers, as well as in the case of a reference by the Governor in Council, the key question is to determine whether the subject goods are being imported in such increased quantities and under such conditions as to be a principal cause of serious injury to domestic producers of like or directly competitive goods. It is logical that the same definition of like or directly competitive goods should apply.

In the context of inquiries conducted under SIMA, in considering the issue of like goods, the Tribunal typically looks at a number of factors, including the physical characteristics of the goods (such as appearance), their method of manufacture, their market characteristics (such as substitutability, pricing and distribution), and the question of whether the goods fulfil the same customer needs. Given that the definition of like or directly competitive goods in the CITT Act is very similar to that of like goods in SIMA, the Tribunal will apply the same analysis in this inquiry.

The Tribunal's determinations as to which domestically produced steel products are "like goods or directly competitive goods" to the subject goods constituting each class of goods are set out under the heading "Like or Directly Competitive Goods" in the reasons for the specific steel goods.

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[17] *Certain Hot-rolled Carbon Steel Plate* (27 June 2000) at 18-19.

d) Domestic Producers

Article 4.1(a) of the Safeguard Agreement defines "serious injury" to mean a significant overall impairment in the position of a domestic industry. Article 4.1(c) provides that, "in determining injury or a threat thereof, a 'domestic industry' shall be understood to mean the producers as a whole of the like or directly competitive products operating within the territory of a Member, or those whose collective output of the like or directly competitive products constitutes a major proportion of the total domestic production of those products." In conducting its injury analysis, the Tribunal identified, for each class of goods subject to the inquiry, the domestic producers meeting this description.

e) Increase in Imports

Paragraph 20(*a*) of the CITT Act states that "the Tribunal shall inquire into and report to the Governor in Council on any matter in relation to the importation of goods into Canada in such increased quantities and under such conditions as to be a principal cause of serious injury or threat thereof to domestic producers of like or directly competitive goods". Section 2 of the Order requires the Tribunal to determine whether any of the specified goods is being imported into Canada in such increased quantities since the beginning of 1996, and under such conditions, as to be a principal cause of serious injury or threat thereof to domestic producers of like or directly competitive goods.

Subsection 5(1) of the CITT Regulations provides that, for the purposes of determining whether the specified goods are being imported as set out in paragraph 20(*a*) of the CITT Act, the Tribunal shall examine, among other things, the actual volume of the goods imported into Canada. Subsection 5(2) of the CITT Regulations indicates that, when examining the actual volume of imports, the Tribunal shall consider whether there has been a significant increase in the importation into Canada of the goods, and, where there has been, the rate and amount of such increase, either absolutely or relative to the production in Canada of like or directly competitive goods. Article 4.2(a) of the Safeguard Agreement and paragraph 9 of Annex 803.3 to NAFTA also require the Tribunal to examine the rate and amount of the increase in imports in both absolute and relative terms.

Section 2 of the Order reflects the terms of Article 2.1 of the Safeguard Agreement, which provides, in part, that a "[WTO] Member . . . may apply a safeguard measure to a product only if that Member has determined [...] that such product is being imported into its territory in such increased quantities, absolute or relative to domestic production, and under such conditions as to cause or threaten to cause serious injury to the domestic industry that produces like or directly competitive products."[18]

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[18] Article XIX :1(a) of GATT also contains similar terms.

In *Argentina – Safeguard Measures on Import of Footwear,*[19] the Appellate Body stated as follows:

> [T]he use of the present tense of the verb phrase "is being imported" in both Article 2.1 of the *Agreement on Safeguards* and Article XIX:1(a) of the GATT 1994 indicates that it is necessary for the competent authorities to examine recent imports, and not simply trends in imports during the past five years – or, for that matter, during any other period of several years. . . . In our view, the phrase "is being imported" implies that the increase in imports must have been sudden and recent.[20]

The Appellate Body in *Footwear* also stated that:

> There must be "*such* increased quantities" as to cause or threaten to cause serious injury to the domestic industry in order to fulfil this requirement for applying a safeguard measure. And this language in both Article 2.1 of the *Agreement on Safeguards* and Article XIX:1(a) of the GATT 1994, we believe, requires that the increase in imports must have been recent enough, sudden enough, sharp enough, and significant enough, both quantitatively and qualitatively, to cause or threaten to cause "serious injury".[21]

Thus, the requirements for the increase in imports to be "sudden" and "recent" should be assessed, not in isolation, but in the context of causation. The issue is whether the increased quantities of imports were "sudden enough" and "recent enough" to cause or threaten the degree of injury that would permit safeguard action. Accordingly, the Tribunal is of the view that it is required to determine whether the volume of the increased imports is significant in absolute and relative terms, and also recent enough, sudden enough, sharp enough and significant enough to cause serious injury.

The meaning of the term "recent" has also been addressed by a Panel of the WTO in *United States – Definitive Safeguard Measures on Imports of Circular Welded Carbon Quality Line Pipe from Korea.*[22] The Panel stated that: "the word 'recent' need not require that imports be increasing right up to the date of the determination. There can still be a '"recent' increase even if that increase has ceased prior to the date of the determination, provided imports remain at a sharply increased level."[23] The Tribunal notes that, in all the cases where the Tribunal found that the increased imports were a principal cause of serious injury, the imports, in the period following the peak, remained at a high level compared to the base period and continued to cause serious injury.

With respect to the five products for which the Tribunal found that the increase in imports was a principal cause of serious injury and recommends that safeguard measures be applied, the analyses supporting the findings demonstrate that the increase in imports was indeed, in each case, recent enough, sudden enough, sharp enough and significant enough, both quantitatively and qualitatively, to cause serious injury.

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[19] (14 December 1999), WT/DS121/AB/R (WTO) [hereinafter *Footwear*].

[20] *Footwear* at para. 130.

[21] *Footwear* at para. 131.

[22] (29 October 2001), WT/DS202/R (WTO) [hereinafter *Line Pipe*].

[23] *Line Pipe* at para. 7.208.

Finally, some parties opposing the imposition of safeguard measures have argued that the dumped imports, for which the Tribunal has made a finding of injury under SIMA, should be factored out of the import statistics before a determination is made as to whether there has been an increase in imports. In the Tribunal's view, the analysis of import volumes requires an examination of all imports regardless of whether they had been subject to anti-dumping measures or not. There is nothing in the relevant trade agreements, in the CITT Act or in the Order of this inquiry, that requires the exclusion of dumped imports that caused injury. Neither the legislation nor the Order qualify the imports that are to be taken into account in order to determine whether there has been an increase in imports. Furthermore, in some cases, a review of the data shows that certain exporting countries subject to anti-dumping measures had continued to ship to Canada and some had increased their shipments.

f) Unforeseen Developments and Obligations Incurred under Article XIX of the GATT

Once it has determined that there has been a significant increase in imports of a good in accordance with the requirements set out above, the Tribunal must determine whether the conditions of Article XIX of GATT are met. Article XIX:1(a) requires that the increase in imports be the result of unforeseen developments and the effect of the obligations incurred by a contracting party under GATT, including tariff concessions.

For each product, the Tribunal has examined world market developments in order to determine whether any increase in imports was the result of unforeseen developments as contemplated under Article XIX of GATT.

Some parties opposing the imposition of safeguard measures have argued that the increased imports were not the result of tariff concessions made by Canada, as required under Article XIX of GATT. The domestic producers have agreed that the tariff reductions put in place over recent years were not the cause of the increased imports.[24] Although the Tribunal accepts the notion that the tariff reductions over recent years do not explain the increase in imports, it is of the view that this does not present an obstacle to the conclusion that the increase in imports is a result of the obligations incurred by a contracting party under GATT, including tariff concessions.

Article II of GATT has established Schedules of Tariff Concessions under which the contracting parties agreed on certain tariff reductions. Articles II:1(b) and (c) provide, for the products for which tariff concessions were put in place, that they should be exempted from

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24. See, for example: *Transcript of Public Hearing*, Vol. 1, 10 June 2002, at 96-97; *Transcript of Public* Hearing, Vol. 1, 12 June 2002, at 99; *Transcript of Public Hearing*, Vol. 1, 14 June 2002, at 97; *Transcript of Public Hearing*, Vol. 1, 18 June 2002, at 80; *Transcript of Public Hearing*, Vol. 1, 21 June 2002, at 106.

ordinary customs duties in excess of those provided in the schedule.[25] The Tribunal notes that the effect of these tariff concessions was not only to reduce tariffs, but also to prohibit contracting parties from imposing new tariff increases on a discretionary basis, except under exceptional circumstances specifically contemplated under the agreement. In light of these provisions, the Tribunal is of the view that the phrase "tariff concessions" must be interpreted as not being strictly limited to tariff reductions, but as also encompassing the obligation of a contracting party not to impose additional tariffs. In addition, the Tribunal is also of the view that one of the effects of the obligations incurred by Canada under Article XI:1 of the GATT was the prohibition to impose quotas on a discretionary basis.

Accordingly, the Tribunal finds that the increased imports are clearly the result of the effect of the obligations incurred by Canada under GATT, including tariff concessions that have, over the years effectively removed all access barriers to the Canadian market. Further, were it not for the obligations incurred by Canada under GATT, it would have been possible for Canada to impose, unilaterally, new tariffs or quantitative restrictions that would have stemmed the flow of increased imports.

Finally, the Tribunal observes that it would have been paradoxical for the WTO members to agree on a comprehensive code on the application of safeguard measures in 1994 if their application were to be limited to the rare cases where significant increases in imports are a direct result of tariff reductions, especially in light of the low tariffs that are currently in place in many WTO members on many products.

g) Serious Injury

Section 2 of the CITT Act defines "serious injury" as meaning, in relation to domestic producers of like or directly competitive goods, a significant overall impairment in the position of the domestic producers.[26]

The Order lists several factors that the Tribunal must examine in determining whether imports are a principal cause of serious injury or a threat thereof. The factors listed in the Order, which were considered by the Tribunal in the context of its serious injury analysis, are: the share of the domestic market taken by increased imports, changes in the level of sales, production, productivity, capacity utilization, profits and losses, and employment.

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[25] For example, Article II:1(b) of GATT provides the following:

> (b) The products described in Part I of the Schedule relating to any contracting party, which are the products of territories of other contracting parties, shall, on their importation into the territory to which the Schedule relates, and subject to the terms, conditions or qualifications set forth in that Schedule, be exempt from ordinary customs duties in excess of those set forth and provided therein. Such products shall also be exempt from all other duties or charges of any kind imposed on or in connection with the importation in excess of those imposed on the date of this Agreement or those directly and mandatorily required to be imposed thereafter by legislation in force in the importing territory on that date.

[26] Under Article 4.1(a) of the Safeguard Agreement, "serious injury" is defined as " a significant overall impairment in the position of a domestic industry." It is similarly defined under Article 805 of NAFTA.

Furthermore, in accordance with section 5 of the CITT Regulations, in its examination as to whether the domestic industry suffered serious injury, the Tribunal evaluated all relevant factors that have a bearing on domestic producers of like or directly competitive goods, including the actual changes in the level of production, employment, sales, market share, profits and losses, productivity, return on investments, utilization of production capacity, cash flow, inventories, wages, growth or the ability to raise capital or investments. Similarly, Article 4.2(a) of the Safeguard Agreement and paragraph 9 of Annex 803.3 of NAFTA also require the Tribunal to consider a list of relevant factors that are all included under section 5 of the CITT Regulations.[27]

In accordance with subsections 5(1) and 5(3) of the CITT Regulations, the Tribunal has also examined the effect of the imported goods on prices of like or directly competitive goods and has considered: (a) whether the prices of the imported goods have significantly undercut the prices of like or directly competitive goods produced and sold in Canada; (b) whether the effect of the importation of those goods into Canada has been (i) to depress significantly the prices of like or directly competitive goods produced and sold in Canada, or (ii) to limit to a significant degree increases in the prices of like or directly competitive goods produced and sold in Canada.

h) Principal Cause

Once the Tribunal has found that the domestic producers have suffered serious injury, it must assess whether the increased imports are a principal cause of that serious injury.

Pursuant to subsection 19.01(1) of the CITT Act, "principal cause" is defined as meaning an important cause that is no less important than any other cause of the serious injury or the threat thereof.

In addition, Article 4.2 of the Safeguard Agreement provides, in part, that the determination of injury or threat thereof shall not be made unless the investigation demonstrates the existence of the causal link between the increased imports and serious injury or threat thereof. The same paragraph also indicates that, when factors other than increased imports are causing injury to the domestic industry at the same time, such injury shall not be attributed to increased imports. Paragraph 10 of Annex 803.3 to NAFTA adopts the same requirements.

For the purposes of determining whether there is a causal link between the increased imports and the serious injury or threat thereof, the Tribunal has looked first at the effect of the increased imports on the domestic producers. Then, to ensure that injury caused by other factors of injury is not attributed to the increase in imports, the Tribunal has examined other factors potentially causing injury and has evaluated the nature and the extent of their injurious effect. The Tribunal has also distinguished the effect of those other factors from the injurious effect of the increased imports. In this context, the Tribunal notes that there are no requirements under the CITT Act or under the Safeguard Agreement that increased imports be sufficient, in and of themselves, to cause serious injury or threat thereof.[28]

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[27] In its Notice of Commencement of Inquiry, found at Appendix III, the Tribunal included a consolidated list of the injury factors enumerated in the Order and in section 5 of the CITT Regulations.

In order to determine whether the increased imports are a principal cause of serious injury, the Tribunal has evaluated whether the impact of any other injurious factors was more important than the impact of the increase in imports. Where it has found that another injurious factor was more important than the increased imports, the Tribunal concluded that the increased imports were not a principal cause of serious injury and it went on with an analysis of whether there was a threat of serious injury

i) Threat of Serious Injury

When the Tribunal finds that there has been a significant increase in the importation of a good, but that the increased imports are not a principal cause of serious injury, the CITT Act and the Order mandate the Tribunal to determine whether the increased imports are a principal cause of threat of serious injury. Subsection 2(1) of the CITT Act defines threat of serious injury as meaning serious injury that, on the basis of facts, and not merely of allegation, conjecture or remote possibility, is clearly imminent. Article 4.1(b) of the Safeguard Agreement, as well as Article 805 of NAFTA, defines this term in a similar manner.

The Order requires the Tribunal to consider the global steel trade situation, including production overcapacity, trade-restrictive actions taken or considered by other countries, as well as the risk of trade diversion. In addition, subsection 5(4) of the CITT Regulations provides, in part, that the Tribunal shall evaluate all relevant economic factors that have a bearing on domestic producers of like or directly competitive goods, including potential changes in the level of production, employment, sales, market share, profits and losses, productivity, return on investments, utilization of production capacity, cash flow, inventories, wages, growth or the ability to raise capital or investments.

In conducting its analysis of whether there is a threat of serious injury, the Tribunal first assessed the state of the market during the first half of 2002. The Tribunal has taken into account the evidence received on demand, prices and the general economic situation on steel for 2002 in Canada, and world markets. The Tribunal has also considered whether the factors listed under subsection 5(4) of the CITT Regulations were likely to be negatively impacted in the near future. The purpose of this analysis is to determine whether any serious injury incurred in the past by the domestic producers is likely to continue at the same level, to decrease or to increase or, if no serious injury was experienced in the past, whether it is likely to be in the future.

Secondly, the Tribunal has assessed whether the significant volume of imports observed in recent years is likely to increase further in the near future, to the extent that increased imports will become a principal cause of serious injury. For the purpose of this aspect of the analysis, the Tribunal considered the global steel trade situation, including production overcapacity, trade restrictive action taken or considered by other countries and their potential effect, and the risk of trade diversion.

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[28] *United States – Definitive Safeguard Measures on Imports of Wheat Gluten from the European Communities* (22 December 2000), WTO Doc. WT/DS166/AB/R at paras. 68, 79 (Appellate Body Report); Lamb Meat at paras. 170-71.

j) NAFTA, CIFTA and CCFTA

Pursuant to the Order, and in accordance with sections 20.01, 20.02 and 20.03 of the CITT Act, where the Tribunal determines that imports of a good from all sources are a principal cause of serious injury or threat thereof, the Tribunal shall determine whether imports of the good from a NAFTA country, Israel or another CIFTA beneficiary, or Chile each account for a substantial share of total imports of that good and contribute importantly to the serious injury or threat thereof.

i) Substantial Share of Total Imports

In determining whether imports from a party, considered individually, account for a substantial share of total imports, Article 802(a) of NAFTA provides that those imports normally shall not be considered to account for a substantial share of total imports if that party is not among the top five suppliers of the good subject to the proceeding, measured in terms of import share during the most recent three-year period. Article 4.6(2)(a) of CIFTA and Article F-02(2)(a) of the CCFTA provide for the same requirements. Thus, the Tribunal looked at the import volumes in order to determine whether the United States, Mexico, Israel or another CIFTA beneficiary, and Chile were among the top five suppliers of a product.

The U.S. mills[29] submitted that an increase in imports of the subject goods from the United States was foreseeable, as the result of NAFTA and the *Canada-United States Free Trade Agreement* that eliminated tariffs on steel products between the two countries. They argued that the imports from the United States do not, therefore, constitute a substantial share of total imports that results from unforeseen developments.

The Tribunal is of the view that the requirement of Article XIX of GATT that the increase in imports be the result of unforeseen developments cannot be interpreted in a way that would require an analysis as to whether unforeseen developments explain the increase in imports from each country. The Tribunal must consider whether the increased imports from all sources are a principal cause of serious injury or threat thereof. The requirement to consider the impact of imports from all sources, as contemplated under the CITT Act, the Order and the international agreements, does not support the proposition that separate unforeseen developments must be shown for each country.[30]

The Tribunal also finds that the obligation under NAFTA to exclude the United States from the application of safeguard measures, if its imports do not account for a substantial share of imports, is in no way linked to the requirement of Article XIX of GATT that increased imports be the result of unforeseen developments.

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[29] AK Steel, Bethlehem Steel, Ispat Inland National Steel, United States Steel International.

[30] Article 2.2 of the Safeguard Agreement provides that "Safeguard measures shall be applied to a product being imported irrespective of its source."

ii) Contribution to the Serious Injury

In determining whether imports from a party or parties contribute importantly to the serious injury, or threat thereof, Article 802(2)(b) of NAFTA provides that the investigating authority shall consider such factors as the change in the import share of each party, and the level and change in the level of imports of each party. In this regard, imports from a party normally shall not be deemed to contribute importantly to serious injury, or the threat thereof, if the growth rate of imports from a party during the period in which the injurious surge in imports occurred is appreciably lower than the growth rate of total imports from all sources over the same period. Article 4.6(2)(b) of CIFTA and Article F-02(2)(b) of the CCFTA provide for the same requirements.

iii) Injury Caused by Imports from the Rest of the World

Subsection 3(b) of the Order instructs the Tribunal, when it determines that imports of a good from a NAFTA country, Israel or another CIFTA beneficiary, or Chile do not account for a substantial share of total imports, or do not contribute importantly to the serious injury or threat thereof, to determine whether that good is imported into Canada from all sources not covered by such determination in such increased quantities and under such conditions as to be a principal cause of serious injury or threat thereof to domestic producers of like or directly competitive goods.

CHAPTER V

DISCRETE PLATE

1. Tribunal's Determination on Increased Imports and Serious Injury

On July 4, 2002, the Tribunal determined that flat-rolled carbon and alloy discrete plate is being imported into Canada from all sources in such increased quantities since the beginning of 1996, and under such conditions, as to be a principal cause of serious injury to domestic producers of like or directly competitive goods. It also determined that discrete plate imported from the United States accounts for a substantial share of total imports of goods of the same kind and that alone it contributes importantly to the serious injury. The Tribunal has further determined that discrete plate imported from each of Mexico, Israel or another CIFTA beneficiary, and Chile does not account for a substantial share of total imports of goods of the same kind and that discrete plate imported from each of those countries does not contribute importantly to the serious injury. Finally, the Tribunal determined that discrete plate is imported from all sources other than Mexico, Israel or another CIFTA beneficiary, and Chile, in such increased quantities and under such conditions as to be a principal cause of serious injury to domestic producers of like or directly competitive goods.

2. Product and Market

a) Product Description and Use

Flat-rolled carbon and alloy steel discrete plate are the goods subject to this safeguard inquiry. The Schedule of Specified Goods in the Order indicates that discrete plate subject to the inquiry includes floor-patterned plate and excludes clad plate, PVQ plate over 3.125" thick and other plate over 5" thick.

Products of this description are referred to throughout this report as discrete plate

Carbon steel plate in rectangular shapes is referred to as "discrete plate". Lighter gauge plate may be coiled and subsequently cut to length to create discrete plate.

Chapter III of this report provides the methodology used to determine the HS Codes under which the subject goods may be imported. The HS Codes and the tariff descriptions for discrete plate can be found in Annex 1 to this chapter.

Plate is categorized by different "qualities" that refer to the suitability and integrity of the steel for its intended purpose. The most common quality is structural quality. PVQ is another main quality of discrete plate but accounts for a much smaller part of the market. Structural quality plate is intended for use in general applications, such as in the production of rail cars, heavy construction machinery, agricultural equipment and automotive and truck parts, and in bridges, high-rise buildings, shipbuilding and repairs. PVQ plate is intended for use in the production of sealed containers capable of holding their contents, such as industrial gases and propane, under pressure.

While there are minor differences from mill to mill, the production process for discrete plate is essentially the same for all producers and entails heating the slabs/ingots, descaling, rolling, levelling, cutting to size, inspecting and testing. Discrete plate may be heat-treated, which may include annealing, normalizing, stress relieving, quenching, tempering or combinations of these treatments.

b) Domestic Producers

The domestic producers of discrete plate are Algoma Steel Inc. (Algoma), IPSCO Inc. (IPSCO), Stelco Inc. (Stelco) and Gerdau MRM Steel Inc. (Gerdau MRM). In 2001, these four producers together produced approximately 877,000 tonnes of discrete plate, which were virtually all sold on the domestic and export markets. The domestic producers used less than 1 percent of discrete plate as feedstock for further processing.

Algoma, located in Sault Ste. Marie, Ontario, is currently the largest discrete plate producer in Canada. It produces discrete plate on its 166" plate mill and 106" hot strip mill. With the installation of the Direct Strip Production Complex (DSPC) in 1997, additional capacity was freed up on its plate mill complex in order to produce discrete plate.

IPSCO, of Regina, Saskatchewan, produces discrete plate and/or plate cut to length at its facilities in Toronto, Ontario, Regina, Saskatchewan, and Surrey, British Columbia. IPSCO also produces discrete plate in the United States.

Stelco, of Hamilton, Ontario, produces discrete plate and plate cut to length. It produces plate at its Hilton Works facility, Hamilton, Ontario, and at its wholly owned subsidiary, CHT Steel Company, Richmond Hill, Ontario.

Gerdau MRM, of Selkirk, Manitoba, is a small producer of discrete plate. It produces plate on the same facilities that it uses to produce long products covered by this safeguard inquiry.

Certain steel service centres produce small quantities of discrete plate that is cut to length from plate in coil form. However, these volumes were not captured in the data presentation.

c) Importers

The Tribunal received 30 questionnaire replies from companies that reported having imported discrete plate during the safeguard inquiry period, 1996-2001. A listing of these companies can be found in Annex 2 to this chapter.

According to Statistics Canada data, the top 10 importers of discrete plate during the last three years of the safeguard inquiry period, 1999 to 2001, accounted for 43 percent of the total imports of discrete plate. Of those imports, about 55 percent originated from the United States and 45 percent entered Canada from the rest of the world. In 2001, the five largest importers of discrete plate were Blastech Corp., Ferrostaal Metals Ltd., IPSCO, Usinor Canada Inc. and Wirth Steel.

d) Foreign Producers

The Tribunal received 40 questionnaire replies from foreign producers of discrete plate. Based on questionnaire replies, the five largest foreign producers of discrete plate in 2001 were: Dongkuk Steel Mill Co. Ltd. (Dongkuk), Nippon Steel Corporation (Nippon), NKK Corporation (NKK), Pohang Iron & Steel Co. Ltd. (POSCO) and JSC Severstal (Severstal). Together, these companies accounted for 25 percent of the production of discrete plate by respondents. A listing of the companies that replied to the Foreign Producers' Questionnaire can be found in Annex 3 to this chapter.

e) Users

The Tribunal received 26 questionnaire replies from service centres and end users of discrete plate. A listing of these companies can be found in Annex 4 to this chapter.

These respondents represented companies in the following industry sectors: construction, automotive, pressure vessel manufacturing, agricultural, oil and gas and other manufacturing. Various companies submitted that end-use products have exacting specifications. These end-use products include pressure vessels, agricultural hitches, construction equipment, shipbuilding and repair, tool, die and mould applications, light-armoured vehicles, power generating equipment and steel structures for bridges.

f) Marketing and Distribution

Canadian producers sell discrete plate directly to either fabricators or steel service centres. Steel service centres distribute plate to end users and other smaller steel service centres. Sales to steel service centres represent the largest portion of the Canadian discrete plate market. Domestic producers sell to their customers either on a freight prepaid (delivered) basis or free on board (FOB) the Canadian mill.

Importers of discrete plate also sell to fabricators and steel service centres. Importers sell their product in a variety of ways. Some importers ship the products directly to their customers from the source mill, while others sell FOB the unloading dock in Canada.

3. Like or Directly Competitive Goods

The principles applicable to the analysis to determine whether products are "like or directly competitive goods" are set out in Chapter IV of this report. On the basis of the evidence on the record and for the purpose of this inquiry, the Tribunal finds that domestically produced discrete plate products, of the same description as the subject goods, constitute like or directly competitive goods to the subject goods.[31]

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[31] *Pre-hearing Staff Report on Market Characteristics*, Tribunal Exhibit GC-2001-001-08.02, Administrative Record, Vol. 5 at 62-65.

4. Determination on Domestic Producers

The collective output of Algoma, IPSCO, Stelco and Gerdau MRM constitutes a major proportion of the total domestic production of discrete plate products. The Tribunal's injury analysis has been based on the evidence relating to the above-mentioned domestic producers. In this report, they are sometimes referred to as the "domestic industry".

5. Increased Imports

Table 3 shows the volume of imports into Canada of discrete plate for the years 1996 to 2001 and the volume of domestic production for the same period.

Table 3
Imports and Domestic Production

	1996	1997	1998	1999	2000	2001
Imports (tonnes)	205,513	320,716	696,606	410,707	411,709	368,956
Percent Change		56	117	(41)	0	(10)
Production (tonnes)	861,122	880,395	867,809	834,866	901,739	876,780
Percent Change		2	(1)	(4)	8	(3)
Imports as a Percentage of Production (%)	24	36	80	49	46	42

Source: *Pre-hearing Staff Report*, Tribunal Exhibits GC-2001-001-08 and 08D, Administrative Record, Vol. 5 at 10, 50.11.2.

Parties opposing the imposition of safeguard remedies argued that the evidence shows that there were no recent, sudden, sharp and significant increases in imports into Canada of discrete plate. Furthermore, they submitted that, in 2001, a significant decline in imports occurred.

The Tribunal reviewed the import trends during the entire period of inquiry and determined that there was a recent, sudden, sharp and significant increase in the absolute volume of imports in 1998 over 1997, the base year.[32] A review of Table 3 shows that, in absolute terms, the volume of imports of discrete plate into Canada increased by 117 percent in 1998 over 1997. While recognizing that a significant portion of the increase in 1998 was related to the specific needs of the Alliance Pipeline Project in Western Canada, the Tribunal notes that the remaining volume of imports destined for the general plate market was approximately 500,000 tonnes.[33] This balance in imports still represents an increase of about 179,000 tonnes or a 56 percent increase over 1997. Imports decreased from 1999 to 2001, but the level of imports in 2001 was 48,000 tonnes or 15 percent higher than the base year 1997 and 80 percent higher than in 1996. Further, in 2002, the first quarter data show that imports of 75,000 tonnes represented a 28 percent increase over the first quarter imports for the base year 1997 and a 44 percent increase over 1996 first quarter.[34]

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[32] The period 1998 to 2001 was determined by the Tribunal to be a period of significantly increased imports and was the period during which the Tribunal evaluated the impact of the increased imports on the domestic industry's performance. Accordingly, the Tribunal determined that the base year for comparison purposes was 1997.

[33] *Transcript of Public Hearing*, Vol. 1, 10 June 2002, at 99-101, 115-16; Tribunal Exhibit GC-2001-001-15.22 (protected), Administrative Record, Vol. 6.2 at 79 and *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-08, Administrative Record, Vol. 5 at 12.

Imports as a percentage of domestic production increased sharply and significantly from 36 percent in 1997 to 80 percent in 1998. During this period, the domestic industry's production of discrete plate decreased by 1 percentage point. In the period that followed, imports as a percentage of production fell from 49 percent in 1999 to 42 percent in 2001. However, the relative volume of imports for each of these years remained well above the relative volume in the base year 1997 (36 percent) and in 1996 (24 percent).

Accordingly, the Tribunal concludes that there was a recent, sudden, sharp and significant increase in imports of discrete plate in 1998 over 1997, the base year, both in absolute terms and relative to domestic production of discrete plate.

6. Unforeseen Developments

Having found that there was a significant increase in imports from 1997 to 1998, the Tribunal must now determine whether the increased imports resulted from unforeseen developments.

The domestic industry submitted that import penetration into the Canadian market was due to a number of unforeseen developments, among them an extensive global overcapacity and overproduction in steel products, the Asian economic crisis and the collapse of certain economies in Eastern Europe. Other parties submitted that these developments were not "unforeseen" and could not be linked to the increase in imports.

The Tribunal finds that the significant increase in imports in 1998, aside from the volumes destined for the Alliance project , was due to a number of unforeseen developments. The Asian crisis, the Japanese economic slowdown and the collapse of the Russian and Commonwealth of Independent States economies, with the resulting economic turmoil, weakened many economies in Asia and Eastern Europe. Nevertheless, the large steel production capacities in these regions were not idled. Steel producers loaded their mills in order to sustain production and employment levels and to maintain cash flow. Because their domestic markets weakened substantially, they were forced to sell a high proportion of their production into export markets. Furthermore, developments such as the agreements[35] between the European Coal and Steel Community and the Russian Federation (Russia) and with the Ukraine on trade in certain steel products placed restraints on steel exports from Russia and Ukraine. The agreements, in place since 1997, put further pressure on these countries to sell their steel in markets other than the European Union. All of these developments, linked with overcapacity and overproduction, have had a global impact that spilled over into North American markets, placing pressure on U.S. producers as well.[36]

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[34] *Pre-hearing Staff Report - Supplemental Data*, Tribunal Exhibit GC-2001-001-08A, Administrative Record, Vol. 5 at 50.4.

[35] Tribunal Exhibits GC-2001-001-168.23 to 168.26 (single copy exhibit), Administrative Record, Vol. 1M at 250-369.

[36] Federal Register, Presidential Documents (7 March 2002), Tribunal Exhibit GC-2001-001-168.21 (single copy exhibit), Administrative Record, Vol. 1M at 196-201.

It is the view of the Tribunal that the impact of global developments was felt in the world steel market for most of the period of inquiry. All of these developments have had major implications for global steel trade and were a significant factor leading to increased steel exports to Canada in 1998.[37]

The impact of weakening home markets has manifested itself specifically in increased exports of discrete plate to Canada from many countries at various points during the period of inquiry. Indonesia accounted for an increase of 35,000 tonnes in 1998 over 1997, while India followed with an increase of 26,000 tonnes and Thailand with an increase of 13,000 tonnes. Eastern European countries contributed less to the increase in imports in 1998, when imports from Russia, the Ukraine, Macedonia and the Czech Republic were subject to anti-dumping findings under SIMA. Even with this discipline in place, in 1998, Ukrainian imports rose 13,000 tonnes above their 1997 level. Elsewhere, the pressure of global events was manifested in substantial increases in imports from EU members, with Germany leading exports to Canada with an increase of 33,000 tonnes, and from the United States, which rose 98,000 tonnes above their 1997 level.

Accordingly, the Tribunal finds that the significant increase in imports into Canada resulted from the unforeseen world market developments relating to global steel industries, with respect to discrete plate in particular.

7. Serious Injury Analysis

In determining whether serious injury has occurred, the Tribunal has examined the factors listed in Chapter IV of this report. These factors are discussed in detail below with a particular focus on developments since 1997, the base year, but also placing them in the context of the period of inquiry.

a) Production, Capacity and Capacity Utilization

Table 4 shows the practical capacity and production volumes of discrete plate in Canada for the years 1996 to 2001.

Table 4
Domestic Production Indicators

	1996	1997	1998	1999	2000	2001
Practical Capacity (tonnes)	1,295,434	1,277,309	1,493,177	1,599,079	1,685,986	1,571,621
Total Production (tonnes)	861,122	880,395	867,809	834,866	901,739	876,780
Percent Change		2	(1)	(4)	8	(3)
Capacity Utilization Rate (%)	66	69	58	52	53	56

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-08D, Administrative Record, Vol. 5 at 50.11.2.

During the period 1996 to 1998, practical capacity rose by 198,000 tonnes or by 15 percent over 1996. Capacity continued to increase between 1999 and 2000 and peaked at nearly 1.7 million tonnes in 2000, a 32 percent increase over 1997. In 2001, the industry reduced its practical capacity to just under 1.6 million tonnes. On a net basis, capacity in 2001 increased by 21 percent over 1996 levels.

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[37] Expert Report, *Canadian Steel Industry: An Economic Industry Study*, Tribunal Exhibit GC-2001-001-178.01, Administrative Record, Vol. 1C at 217, 218.

Over the period 1996 to 2001, the production for domestic market sales, export sales and further internal processing remained relatively unchanged. Total production increased marginally in 1997 over 1996 before declining to 1996 levels in 1998. The domestic industry's total production was at its lowest level for the period of inquiry in 1999. Between 1999 and 2000, total production increased by 8 percent. In 2001, production declined by 3 percent to 877,000 tonnes of discrete plate, a level slightly below that of 1997.

The rate of capacity utilization declined from 66 to 69 percent respectively in 1996 and 1997 before falling sharply to 58 percent in 1998. During the balance of the period of inquiry, 1999 to 2001, the utilization rate remained relatively stable in the range of 52 to 56 percent, well below 1996 and 1997 levels.

b) Domestic Industry Market Performance Indicators

Table 5 shows the size of the Canadian apparent market and certain market performance indicators for the domestic industry.

Table 5
Domestic Industry Market Performance Indicators

	1996	1997	1998	1999	2000	2001
Apparent Market (tonnes)	965,435	1,121,424	1,435,833	1,131,379	1,173,701	1,105,220
Percent Change		16	28	(21)	4	(6)
Domestic Industry Sales (tonnes)	759,922	802,878	740,875	719,339	761,992	736,264
Percent Change		6	(8)	(3)	6	(3)
Market Share (%)	79	72	52	64	65	67
Average Delivered Selling Value ($/tonne)	689	699	729	655	634	580
Percent Change		2	4	(10)	(3)	(9)
Inventories (tonnes)	52,717	40,699	50,214	64,132	84,210	63,008

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-08, Administrative Record, Vol. 5 at 17-19.

The apparent Canadian market for discrete plate grew by approximately 470,000 tonnes between 1996 and 1998. It peaked in 1998 at over 1.4 million tonnes, an increase of 28 percent over the base year 1997 and 49 percent over 1996 levels. The following year, 1999, the market contracted by 21 percent. By 2001, the market dropped to 1.1 million tonnes, 16,000 tonnes below the 1997 level, but still 140,000 tonnes or 14 percent higher than the market in 1996.

Table 5 shows that all of the growth in the apparent market in 1998 went to imports. In the rapidly expanding market of 1998, the domestic industry's sales did not increase, but rather decreased by 62,000 tonnes to 741,000 tonnes. The industry's share of the market declined from 79 percent in 1996 and 72 percent in 1997 to 52 percent in 1998. In the following years, sales by domestic producers exhibited an uneven essentially downward trend. They fell by 3 percent in 1999 before recovering by 6 percent in 2000 and then falling by 3 percent in 2001. Sales in 2001 were 736,000 tonnes, 8 percent below that reported in the base year 1997. The industry's market share increased in the period 1999 to 2001 from 64 percent in 1999 to 67 percent in 2001, 5 percentage points below the level of 1997.

The domestic producers' average delivered selling values gradually increased from $689 in 1996 and $699 in 1997 to $729 per tonne in 1998, a rise of 6 percent, between 1996 and 1998. In contrast, from 1998 to 2001, there was a rapid and steep decline of over 20 percent in the producers' average selling values. In 2001, producers' average delivered selling values fell to a low of $580 per tonne, a decrease of 17 percent from 1997 levels.

The inventory held by the domestic producers during the 1997 to 2000 period increased every year before declining in 2001. In percentage terms, the level of inventory, between 1997 and 2001, ranged between 4.6 and 9.3 percent of domestic production.

In considering the domestic producer's performance with respect to market share, the Tribunal has taken into account the fact that domestic producers did not benefit from any of the increased demand generated by the Alliance Pipeline Project. Adjusting the market for this one time event, the apparent market nevertheless increased by 10 percent in 1998 and domestic producer's share of the market declined from 72 percent in 1997 to 60 percent in 1998. By any standard this is a large loss of market share.

c) Employment and Related Indicators

Table 6 shows the employment and related productivity indicators for domestic producers of discrete plate.

Table 6
Employment and Related Indicators

	1996	1997	1998	1999	2000	2001
Direct Employment	749	687	683	654	669	598
Total Employment	1,081	1,005	1,014	1,018	1,025	936
Hours Worked - Total Employment (000)	2,055	1,969	2,019	2,004	2,026	1,749
Productivity (tonnes/hour)	0.42	0.45	0.43	0.42	0.45	0.50
Average Hourly Wage Rate[1] ($/hour)	30	30	30	31	32	33

Note 1: Wages paid before deductions of any kind (e.g., Canada Pension Plan, Employment Insurance, union dues), including wages paid directly for overtime, holidays, vacations and sick leave.

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-08C, Administrative Record, Vol. 5 at 50.10-50.11.

Total employment in the discrete plate sector of the steel industry decreased from 1,081 employees in 1996 to 1,005 in 1997 and remained near this level from 1998 to 2000. In 2001, the total number of employees fell to 936, a decrease of 7 percent over 1997 levels. This pattern was reflected in the hours worked.

Over the period of inquiry, the industry's productivity in tonnes per hour exhibited mixed trends, but showed an overall gain in 2001 over 1997. In 2001, productivity reached its peak of the inquiry period, an increase of 11 percent over the 1997 levels and 19 percent over the 1996 levels.

Throughout the period of inquiry, the average hourly wage rate remained relatively constant, increasing gradually from $30 to $33 per hour.

d) Financial Performance Indicators

Table 7 shows financial performance indicators for the domestic producers of discrete plate.

Table 7
Financial Performance Indicators

	1996	1997	1998	1999	2000	2001
Net Commercial Sales Value ($/tonne)	677	689	723	644	622	567
Cost of Goods Sold ($/tonne)	563	599	626	651	648	671
Gross Margin ($/tonne)	115	90	97	(7)	(26)	(104)
Net Income Before Taxes ($/tonne)	78	54	33	(65)	(86)	(189)
Return on Investment (% of fixed assets)	162.4	49.5	22.3	(21.1)	(31.1)	(75.5)
Cash Flow ($000)	86,131	68,239	54,693	(22,613)	(39,323)	(119,815)

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-08, Administrative Record, Vol. 5 at 22, 24-25.

All the major financial performance indicators shown in Table 7 show negative trends, having fallen continuously, with the exception of a 5 percent increase in average sales value per tonne in 1998. This increase was followed by a sharp and continuing decline starting in 1999. A significant change in the industry's financial performance indicators was the increase observed in the cost of goods sold as they increased steadily over the period of inquiry. They went from $563 per tonne in 1996 to $671 per tonne in 2001, more than $70 per tonne above the 1997 level.

The combined effects of declining sales values and increasing costs affected the industry's gross margin and net income. While gross margins per tonne increased slightly from $90 per tonne in 1997 to $97 in 1998, they fell sharply thereafter reaching a loss of $104 per tonne in 2001, a decline of over $190 per tonne compared with 1997. Net income per tonne followed a similar trend. However, the decline was constant, and between 1997 and 2001, net income per tonne decreased from a profit of $54 to a loss of $189, a decline of over $240 per tonne. Return on investment fell from 49.5 percent of fixed assets in 1997 to a loss of 75.5 percent in 2001; and the cash flow position of the industry fell from $68 million to a loss of $120 million during the same period.

In addition to the negative financial performance described above, the Tribunal heard testimony that, due to high volume and low-priced imports, the domestic industry's selling prices and return on investment are not sustainable.[38]

Evidence on the record indicates that some domestic producers also experienced some difficulty with respect to their ability to raise capital and to ensure the availability of continued investment in facilities.[39]

e) Tribunal's Conclusion on Serious Injury

On the basis of the preceding examination of the domestic industry's performance indicators, the Tribunal finds that the domestic industry producing discrete plate did suffer overall significant impairment and, thus, incurred serious injury. This serious injury took the form of lost sales volumes, reduced capacity utilization, lost market share, price erosion, and reduced gross margins, profits, return on investment and cash flows.

8. Principal Cause of Injury

a) Increased Imports

Table 8
Apparent Market and Price Indicators

	1996	1997	1998	1999	2000	2001
Apparent Market (tonnes)	965,435	1,121,424	1,435,833	1,131,379	1,173,701	1,105,220
Percent Change		16	28	(21)	4	(6)
Import Market Share (%)	21	28	48	36	35	33
Domestic Market Share (%)	79	72	52	64	65	67
Average Delivered Selling Value of Imports ($/tonne)	889	764	822	739	719	734
Percent Change		(14)	8	(10)	(3)	2
Average Delivered Selling Value of Domestic Product ($/tonne)	689	699	729	655	634	580
Percent Change		2	4	(10)	(3)	(9)

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-08, Administrative Record, Vol. 5 at 17-18.

The domestic producers of discrete plate argued that the principal cause of the declining performance of the industry during the safeguard inquiry period was the penetration into the Canadian market of significantly increased volumes of imports. The domestic producers further argued that the import prices had a downward and suppressive effect on domestic prices.

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[38] *Transcript of Public Hearing*, Vol. 1, 10 June 2002, at 57-58.

[39] Tribunal Exhibit GC-2001-001-12.02 (protected), Administrative Record, Vol. 6.1 at 26; Tribunal Exhibit GC-2001-001-12.03 (protected), Administrative Record, Vol. 6.1 at 58; Tribunal Exhibit GC-2001-001-12.04 (protected), Administrative Record, Vol. 6.1 at 267, 281.

The importers and foreign producers of discrete plate argued that the principal cause of injury to the domestic industry was not increased imports of discrete plate. They argued that there were other more important causes of injury to the domestic industry. These other factors included the Western Alliance Pipeline Project, the domestic industry's capacity constraints and inability to produce certain plate products as well as intra-industry competition.

As discussed above, imports into Canada of discrete plate grew in 1998, capturing all the growth in the market for that year and taking additional market share from domestic producers. The import share of the market increased from 28 percent in 1997 to approximately 48 percent in 1998. Despite numerous anti-dumping measures on imports of discrete plate into Canada,[40] high levels of imports persisted between 1999 and 2001, as new suppliers were found and prices remained low. Imports declined to some extent in 2001, as anti-dumping measures were imposed on imports in mid 2000, from many of the suppliers of discrete plate in 1998, suppliers such as Brazil, India, Indonesia, Thailand and Ukraine.[41] However, in 2001, the volume of imports remained at levels well above those of 1997. While the import share of the market declined between 1998 and 2001, it was in the mid-thirty percent range, well above the 28 percent level of 1997 and the 21 percent level of 1996.

The significant increase in imports in 1998 affected the market share of the domestic producers as well as both their average selling values and volumes. In 1998, the year of the significant increase in imports, the domestic industry's share of the market fell to 60 percent from 72 percent in 1997. During the last three years of the period of inquiry, the domestic industry's share of the market recovered somewhat, but at 67 percent in 2001, it was still 5 percentage points below the levels attained in 1997.

The persistent import pressures were a key factor that forced domestic producers to reduce selling prices.[42] They also contributed to the decline in their sales volumes. As a result, between 1998 and 2001, domestic producers' incurred sustained and increasingly large negative gross margins per tonne, as the gap between unit net commercial sales values and cost of goods sold widened. Domestic producers' net income before taxes of $43 million in 1997 became a loss in 1999 which deepened from over $46 million in 1999 to $66 million in 2000 and to nearly $139 million in 2001.[43] In this regard, in 2001, the Tribunal notes that the continued presence of large volumes of imports in the domestic market inhibited producers from increasing sales. This constraint on sales volumes along with the additional overhead costs associated with low capacity utilization rates resulted in the significant increases reported for the cost of goods sold.

The average selling value of imports from all countries fell from a high of $889 per tonne in 1996 to its low point of $719 per tonne in 2000. In 2001, the average selling value of imports from all countries increased to $734 per tonne. The Tribunal heard testimony that the average selling values of imports were in many instances lower than the domestic producer's selling values. A witness representing a steel service centre testified that offshore prices were cheaper when the comparisons were between identical products.[44] A broker witness indicated that, on standard quality plate, the lowest price offering usually received the business, as it is a price-sensitive product.[45]

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[40] *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-08, Administrative Record, Vol. 5 at 9.

[41] *Certain Hot-rolled Carbon Steel Plate* (27 June 2000), Inquiry No. NQ-99-004 (CITT).

[42] *Transcript of Public Hearing*, Vol. 1, 10 June 2002, at 85.

[43] *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-08, Administrative Record, Vol. 5 at 22.

The domestic producers' average selling value fell from a peak of $729 per tonne in 1998 to $655 per tonne in 1999. It continued to fall throughout the balance of the period of inquiry to a low of $580 per tonne in 2001.

While average import selling values appear higher than domestic selling values, the Tribunal believes that the average selling value of imports are influenced by product mix.[46] Furthermore, a significant volume of imports, especially in the commodity grades, were priced lower than equivalent domestic products. There is no other reasonable explanation that accounts for the extent to which imports increased their market share during the period 1998 to 2001. The Tribunal is convinced that the large decrease in the unit selling value of domestic discrete plate has been largely caused by the presence of the significant volume of imports between 1998 and 2001 and by the desire of the domestic industry to reverse its loss of market share. Indeed, despite their lower prices, the domestic producers were never able recover the sales they had lost. Sales volumes in 2001 were still 8 percent below what they had been in 1997, the base year.

Based on the above review of increased imports and their effects on the Canadian market, the Tribunal is persuaded that the increased imports were a major cause of serious injury to the domestic industry.

b) Other Causes of Injury

Several parties submitted that there were factors other than the increased imports that caused the injury to domestic producers. They included the trends in demand and economic conditions in Canada, the ability of the domestic producers to supply the market and intra-industry competition. The Tribunal examined these other factors to determine whether the impact of any of them on the domestic industry was greater than that of the increased imports.

i) Trends in Demand and Economic Conditions

The emergence of strong demand witnessed in 1998 in the oil and gas,[47] capital equipment manufacturing and automotive sectors[48] resulted in an unprecedented growth in the domestic market for discrete plate. However, despite the increase in demand, the domestic producers lost sales volumes and market share. Imports of plate from countries such as Brazil, Germany, India, Indonesia, Japan, Ukraine, the United Kingdom and the United States gained volume and market share during that year.

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[44] *Transcript of Public Hearing*, Vol. 1, 10 June 2002, at 161-62.

[45] *Transcript of Public Hearing*, Vol. 1, 10 June 2002, at 224-26.

[46] *Transcript of Public Hearing*, Vol. 1, 10 June 2002, at 22-25, 78-80, 177.

[47] *Transcript of Public Hearing*, Vol. 1, 10 June 2002, at 133.

[48] *Transcript of Public Hearing*, Vol. 1, 10 June 2002, at 135.

In 1999, the demand for discrete plate contracted. There was a slowdown in capital goods construction and most of the demand associated with the Alliance Pipeline Project had already been met. Notwithstanding the drop in the market, import volumes remained at a relatively high level of 412,000 tonnes, representing an increase of 29 percent over 1997 and 100 percent over 1996 levels. Furthermore, the market share of imports remained high at 36 percent, well above the 28 percent level of 1997 and the 21 percent share achieved in 1996. The further decline in 3 percent in domestic producers' sales in 1999, following a much steeper decline of 8 percent in 1998, is in the Tribunal's view a result of the high volume of imports that continued to be present in the market.

In late 2000 and 2001, with the slowdown of economic activity in North America, the demand for discrete plate softened further with the curtailment of some manufacturing activities.[49] As a result, the market for discrete plate dropped by 68,000 tonnes in 2001, a decline of 6 percent from the level in 2000. In this softening market, domestic producers attempted to counter the effects of contraction by dropping their prices to recoup some of the market share that they had lost. In 2001, the domestic producers dropped their prices by 9 percent over the 2000 levels, but were only marginally successful in combating the imports, which gave up only 2 percent of their market share.

The Tribunal is of the view that part of the decline in volume, prices, revenues, gross margins and overall profitability of the domestic industry is due to the softening of the demand between 1999 and 2001.

Accordingly, it believes that the trends in demand and economic conditions contributed to the serious injury suffered by the domestic producers of discrete plate in 1998 through to 2001, but over only part of the period and hence not in the same proportion as the increase in imports.

ii) Domestic Producers' Ability to Supply the Market

During the period of inquiry, the domestic producers made significant investments in new production facilities and technological enhancements to existing facilities. Three major events marked an increase in the plant capacity for the production of discrete plate. First, Algoma installed a new DSPC in 1997;[50] second, Stelco completed its Steckel mill in 1998;[51] and third, IPSCO introduced its new temper level mill in 1999.[52] As a result, practical capacity rose to 1.7 million tonnes in 2000, an addition of 409,000 tonnes over 1997. Notwithstanding the increases in capacity, witnesses from the domestic industry acknowledged that approximately 15 percent of the plate products demanded in the market are not available from domestic producers, notably, speciality grades and some very heavy and thick plates.[53] However, the fact that part of imports meet needs that cannot be supplied by domestic producers would not explain the significant increase in imports that occurred.

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[49] *Transcript of Public Hearing*, Vol. 1, 10 June 2002, at 16-17.

[50] *Transcript of Public Hearing*, Vol. 1, 10 June 2002, at 53-54, 64, 77-78.

[51] Tribunal Exhibit GC-2001-001-06.16, Administrative Record, Vol. 3E at 143, 205.

[52] Tribunal Exhibit GC-2001-001-06.11, Administrative Record, Vol. 3B at 148, 272-73.

[53] *Transcript of Public Hearing*, Vol. 1, 10 June 2002, at 47-48.

The Tribunal also heard evidence that, during the construction and commissioning of the new Steckel mill in 1998, Stelco's discrete plate production was affected and it experienced problems in supplying the market. In this regard, a Stelco witness acknowledged that the company experienced some production problems with respect to discrete plate during the installation of its new mill. The Stelco witness also indicated that the company had planned ahead in order to minimize any negative impact on its production and shipments in the marketplace.[54]

The Tribunal recognizes that the above-noted constraints were factors that opened the door to imports of certain discrete plate. However, based on the testimony and Stelco's production figures, the Tribunal is not convinced that the shutdowns at Stelco created a production shortfall sufficient to warrant the significant increase in imports that occurred in 1998. In addition, there existed sufficient capacity within the domestic industry to supply significant additional discrete plate to the market, as the industry's utilization rate was only at 58 percent.

The Tribunal is of the view that, with the above-noted investments, the domestic industry's ability to supply the Canadian market became progressively stronger over the initial years of injury, 1998 to 2000. Furthermore, the Tribunal is of the view that the continued presence of high levels of imports prevented the domestic industry from fully using its new capacity. Consequently, the utilization rate remained at low levels during that period and thereby led to increases in fixed costs per unit sold.

In view of the above, the Tribunal believes that the start-up problems associated with the industry's new production facilities or efficiency enhancements affected the domestic industry's ability to supply the market and hence caused some injury. However, this impact was not as significant as the effects of the increased imports.

iii) Competition Among Domestic Producers

A third factor affecting the domestic industry's performance that the Tribunal examined was intra-industry competition.

The Tribunal heard evidence that there was strong competition in the Canadian market between domestic producers of discrete plate starting in the summer of 1998. Witnesses cited examples of instances when the domestic producers lowered their prices as a result of this competition, an action usually initiated by IPSCO.[55] Algoma and Stelco were described as price followers during this time period.[56]

The Tribunal does not doubt that intra-industry competition in the Canadian market was vigorous at times and considers that it was to be expected. It recognizes that Stelco attempted to recapture the volumes that it lost during the installation of its new mill in 1998.

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[54] *Transcript of Public Hearing*, Vol. 1, 10 June 2002, at 53.

[55] *Transcript of Public Hearing*, Vol. 1, 10 June 2002, at 135, 137, 169.

[56] *Transcript of Public Hearing*, Vol. 1, 10 June 2002, at 169, 174-75.

Furthermore, the Tribunal acknowledges that IPSCO's mills in the United States as well as in Canada between 1998 and 1999 attempted to gain market share in Eastern Canada.

The Tribunal has already noted that the domestic producers reacted to the increased imports by trying to recover market share. They needed to load their plants with greater production in order to contribute to high fixed costs and to try to lower their average costs of production. To do this in a soft market, the domestic industry was forced to cut prices. This strategy was only partially successful, as a 9 percent reduction in prices only produced a slight increase in market share.

Accordingly, the Tribunal is of the view that the declining domestic producers' selling values between 1999 and 2001 were largely, if not primarily, in response to the pressure of the increased imports in the Canadian market rather than due to intra industry competition.

c) Tribunal's Conclusion on Principal Cause

It is the Tribunal's opinion that the significant increase in imports of discrete plate in 1998 and the continued presence of high levels in imports from 1999 to 2001 was a principal cause of the serious injury. The persistent pressure from imports in the market caused injury to the domestic producers in the form of lost sales volumes and market share, underutilization of capacity, reduced selling values and price erosion.

The Tribunal is of the view that the extent of the continuous decreases in average domestic selling values coupled with increasing costs, some of which are a direct result of lower production, squeezed the margins of domestic producers and resulted in financial losses at the gross margin level and in net income before taxes.

The Tribunal is of the view that, although other causes contributed to the injury, none was more important than the effect that the increased imports had on the domestic producer's performance and, as a result, the increased imports were a principal cause of serious injury.

9. NAFTA and Other Free Trade Agreement Provisions

In accordance with the principles discussed in Chapter IV of this report, pursuant to the Order, and in accordance with sections 20.01, 20.02 and 20.03 of the CITT Act, the Tribunal conducted the following analysis with respect to imports from NAFTA countries, Israel or another CIFTA beneficiary, and Chile.

a) Substantial Share of Total Imports

In order to determine whether the imports of the goods from a NAFTA country, Israel or another CIFTA beneficiary, or Chile each account for a substantial share of total imports of those goods, the Tribunal analysed import volumes of discrete plate by country.

Data on imports shown in the following table indicate that, for the most recent three-year period, the United States was the largest supplier of discrete plate to Canada, while Mexico, Israel or another CIFTA beneficiary, and Chile are not included among the top five suppliers of discrete plate. Accordingly, the Tribunal determines that the quantity of discrete plate imported from the United States accounts for a substantial share of total imports of goods of the same kind. The Tribunal further determines that the quantity of discrete plate imported from each of Mexico, Israel or another CIFTA beneficiary, and Chile does not account for a substantial share of total imports of goods of the same kind.

Table 9
Imports from the Top Five Countries
(tonnes)

	1996	1997	1998	1999	2000	2001	1999-2001
United States	85,583	177,342	275,126	242,637	279,300	248,505	770,442
Germany	22,208	25,472	58,379	20,857	28,270	30,141	79,268
People's Republic of China	16,501	27,828	7,053	4,535	21,949	16,097	42,582
Republic of South Africa	10,999	4,609	3,087	270	9,155	23,954	33,379
Czech Republic	564	4,794	6,748	20,310	9,512	22	29,844

Note: Listed in order of total imports for the period 1999 to 2001.

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-08, Administrative Record, Vol. 5 at 11.

b) Contribution to Serious Injury

i) United States

Counsel for the U.S. mills argued that price is the driving consideration in purchasing decisions for discrete plate and that the average selling value of imports from the United States could not be injurious because it was higher than domestic selling values. Counsel also submitted that there were no specific allegations of lost sales or competition against imports from the United States and that, in four anti-dumping cases brought by the domestic industry under SIMA, the domestic industry has not taken the position that imports from the United States were materially injurious.

Table 10 shows a comparison of the rates of growth of U.S. imports and total imports.

Table 10
Imports from the United States and Total Imports
(tonnes)

	1996	1997	1998	1999	2000	2001	Percent Change 1997-1998
United States	85,583	177,342	275,126	242,637	279,300	248,505	55
Total Imports	205,513	320,716	696,606	410,707	411,709	368,956	117

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-08, Administrative Record, Vol. 5 at 12.

The Tribunal compared the growth rate of imports from the United States to that of total imports during the base period, 1997, to the period of increased imports, 1998. Imports from the United States increased by 55 percent, while those from all sources increased by 117 percent. The Tribunal finds that the growth rate in imports from the United States was appreciably less than the growth rate of total imports. However, the U.S. share of total imports was very large, increasing from 55 percent in 1997 to 68 and 67 percent respectively in 2000 and 2001. Furthermore, the Tribunal accepted the evidence given by both domestic producers and other witnesses that there was price-based competition between imports from the United States and domestic goods on equivalent products.[57] The Tribunal concludes that the average prices of imports from the United States were higher than the average domestic prices due to a different product mix, not because average U.S. prices were higher than domestic prices on a product-by-product basis. For the foregoing reasons, the Tribunal considers that, even though the growth rate of imports from the United States was appreciably less than the growth rate of total imports, imports from the United States in fact exercized considerable influence on the domestic market and, accordingly, contributed importantly to the serious injury to domestic producers.

The Tribunal considers that positions taken by domestic producers in previous SIMA cases should not be taken out of the context of the issues raised and evidence adduced in those particular cases, which naturally differed from the issues and evidence in this case.

ii) Mexico, Israel, or another CIFTA beneficiary, and Chile

With respect to Mexico, the Tribunal notes that the Mexican imports to Canada during the period 1998 to 2001 declined significantly from 1997 and it finds that these imports did not contribute importantly to the serious injury experienced by the domestic producers.

With respect to Israel or another CIFTA beneficiary, and Chile, their imports were almost non-existent and the Tribunal finds that neither the imports from Israel or another CIFTA beneficiary, nor those from Chile contributed importantly to the serious injury.

c) Injury Caused by Imports from the Rest of the World

Given the fact that imports from Mexico, Israel or another CIFTA beneficiary, and Chile were very limited and that Mexican imports decreased during the period of the significant increase in imports, the Tribunal's finding, that increased imports from all sources were a principal cause of serious injury, is not changed by the exclusion from its determination of imports from Mexico, Israel or another CIFTA beneficiary, and Chile.

Therefore, the Tribunal determines that discrete plate is imported from all sources other than Mexico, Israel or another CIFTA beneficiary, and Chile, in such increased quantities and under such conditions as to be a principal cause of serious injury to domestic producers of like or directly competitive goods.

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[57] *Transcript of Public Hearing*, Vol. 1, 10 June 2002, at 79, 175.

Annex 1
HS Code Descriptions - Discrete Plate

2001 HS Code		2001 Description
7208		Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot-rolled, not clad, plated or coated.
720840		-Not in coils, not further worked than hot-rolled, with patterns in relief
72084010		--For use in ships, boats or floating structures
	7208401010	---Of a width of 600 mm or more but not exceeding 1,525 mm
	7208401020	---Of a width exceeding 1,525 mm but not exceeding 2,450 mm
	7208401030	---Of a width exceeding 2,450 mm
		--Other
72084091		---Of a thickness of 4.75 mm or more but not exceeding 10 mm, having a yield point below 355 MPa; Of a thickness exceeding 10 mm
	7208409110	----Of a thickness of 4.75mm or more but not exceeding 10 mm, having a minimum yield point below 355 MPa
	7208409120	----Of a thickness exceeding 10 mm
72084099		---Other
	7208409910	----Of a width of 600 mm or more but not exceeding 1,525 mm
	7208409920	----Of a width exceeding 1,525 mm but not exceeding 2,450 mm
	7208409930	----Of a width exceeding 2,450 mm
		-Other, not in coils, not further worked than hot-rolled
720851		--Of a thickness exceeding 10 mm
7208511000		---Rolled on four faces or in a closed box pass, of a width not exceeding 1,250 mm
		---Other
72085191		----For use in the manufacture of separators or treaters (water, oil, gas) for installation between the wellhead assembly or surface oil pumping unit and the field marketing valve at oil or natural gas wells; For use in ships, boats or floating structures
	7208519110	-----Heat treated
		-----Other
	7208519191	------Of a width of 600 mm or more but not exceeding 1,525 mm
	7208519192	------Of a width exceeding 1,525 mm but not exceeding 1,830 mm
	7208519193	------Of a width exceeding 1,830 mm but not exceeding 2,450 mm
	7208519194	------Of a width exceeding 2,450 mm but not exceeding 3,050 mm
	7208519195	------Of a width exceeding 3,050 mm
72085199		----Other
	7208519910	-----Heat treated
		-----Other:
	7208519991	------Of a width of 600 mm or more but not exceeding 1,525 mm
	7208519992	------Of a width exceeding 1,525 mm but not exceeding 1,830 mm
	7208519993	------Of a width exceeding 1,830 mm but not exceeding 2,450 mm
	7208519994	------Of a width exceeding 2,450 mm but not exceeding 3,050 mm
	7208519995	------Of a width exceeding 3,050 mm
720852		--Of a thickness of 4.75 mm or more but not exceeding 10 mm
		---Having a minimum yield point of 355 MPa, rolled on four faces or in a closed box pass, of a width not exceeding 1,250 mm:
7208521100		----For use in ships, boats or floating structures
7208521900		----Other
72085290		---Other
	7208529010	----Heat treated
		----Other
	7208529091	-----Of a width of 600 mm or more but not exceeding 1,525 mm
	7208529092	-----Of a width exceeding 1,525 mm but not exceeding 1,830 mm

2001 HS Code		2001 Description
	7208529093	——Of a width exceeding 1,830 mm but not exceeding 2,450 mm
	7208529094	——Of a width exceeding 2,450 mm but not exceeding 3,050 mm
	7208529095	——Of a width exceeding 3,050 mm
7211		Flat-rolled products of iron or non-alloy steel, of a width of less than 600 mm, not clad, plated or coated.
		-Not further worked than hot-rolled
7211130000		–Rolled on four faces or in a closed box pass, of a width exceeding 150 mm and a thickness of not less than 4 mm, not in coils and without patterns in relief
72111400		–Other, of a thickness of 4.75 mm or more
	7211140010	——Not in coils
7225		Flat-rolled products of other alloy steel, of a width of 600 mm or more.
		-Of silicon-electrical steel:
72251900		–Other
	7225190090	——Other
72252000		-Of high speed steel
		——Other:
	7225200092	——Of a thickness exceeding 4.75 mm
72254090		—Other
		——Heat treated:
	7225409022	——Of a thickness exceeding 4.75 mm
7226		Flat-rolled products of other alloy steel, of a width of less than 600 mm.
		-Of silicon electrical steel:
72262000		-Of high speed steel
		——Other:
	7226200092	——Of a thickness exceeding 4.75 mm
		-Other
722691		–Not further worked than hot-rolled
72269190		—Other
	7226919040	——Tool steel of a thickness exceeding 4.75 mm
7308		Structures (excluding prefabricated buildings of heading 94.06) and parts of structures (for example, bridges and bridge-sections, lock-gates, towers, lattice masts, roofs, roofing frame-works, doors and windows and their frames and thresholds for doors, shutters, balustrades, pillars and columns), of iron or steel; plates, rods, angles, shapes, sections, tubes and the like, prepared for use in structures, of iron or steel.
730890		-Other
73089090		—Other
	7308909010	——Ceilings, including frames for suspended ceilings
	7308909020	——Roofing
	7308909030	——Siding, including soffit or fascia
	7308909040	——Assembled fence, including barriers or crossing gates
	7308909050	——Flooring; roof drainage equipment
	7308909060	——Columns, pillars, posts, beams, girders and similar structural units
		——Other:
	7308909091	——Livestock pens or stalls
	7308909092	——Staircases
	7308909093	——Roof decks or balconies
	7308909094	——Moulding or trim
	7308909095	——Grills, air diffusers or ducts
	7308909096	——Other architectural or ornamental work
	7308909099	——Other

Source: *Customs Tariff*, 1996 to 2001.

Annex 2

Companies that Responded to the Tribunal's Importers' Questionnaire - Discrete Plate

A.J. Forsyth, A Division of Russel Metals Inc.
Alberta Industrial Metals Ltd. (formerly Red Deer Industrial Metals Ltd.)
BHP Steel Americas, Inc.
Barzelex Inc./Novosteel S.A.
Bohler-Uddeholm Limited
C.P.P. Custom Plate & Profiles Ltd.
Camrose Pipe Company
Corus America Inc.
Earle M. Jorgensen (Canada) Inc.
Exxon Mobil Canada Ltd.
Ferrostaal Metals Ltd.
Horton CBI, Limited
IPSCO Inc./IPSCO Ontario Inc./ IPSCO Saskatchewan Inc.
Le Groupe Canam Manac Inc., Division Les Aciers Canam (Canada)
Macsteel International (Canada) Ltd.
Marubeni-Itochu Steel Canada Inc.
Mitsubishi International Steel Inc.
Mitsui & Co. (Canada) Ltd. – Toronto
Mitsui & Co. (Canada) Ltd. – Vancouver
Russel Metals Inc.
Salzgitter Trade, Inc.
Stelco Inc.
Sumitomo Canada Ltd.
Terra Nova Steel Inc.
Thyssen Canada Limited – Trading Division
Thyssen Marathon Canada, Division of Thyssen Canada Limited
TradeARBED Canada Inc.
Usinor Canada Inc.
Wirth Steel, A General Partnership
World Metals Corporation

Annex 3

Companies that Responded to the Tribunal's Foreign Producers' Questionnaire - Discrete Plate

Australia
BHP Billiton Ltd (BHP Steel Ltd and BHP Steel (AIS) Pty Ltd)

Brazil
Companhia Siderurgica Paulista (COSIPA)
Usinas Siderurgicas de Minas Gerais S/A (USIMINAS)

European Union
Aceralia Corporation Siderurgica
AG der Dillinger Huttenwerke
Bohler Bleche GmbH
Corus Construction & Industrial
Duferco Clabecq S.A.
Edelstahl Witten-Drefeld GmbH
GTS Industries
Salzgitter AG Stahl und Technologie
Sollac Atlantique
Sollac Mediterrannee
SSAB Oxelosund AB
ThyssenKrupp Stahl AG
Usinor Industeel Belgium
Usinor Industeel France

Japan
Kawasaki Steel Corporation
Kobe Steel, Ltd.
NKK Corporation
Nippon Steel Corporation
Sumitomo Metal Industries, Ltd.

Korea
Dongkuk Steel Mill Co., Ltd
Pohang Iron & Steel Co., Ltd (POSCO)

New Zealand
BHP New Zealand Steel Limited

People's Republic of China
China Iron and Steel Association / China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters

Republic of South Africa
Iscor Limited
Highveld Steel and Vanadium Corporation Limited

Romania
Combinatul Siderurgic Ispat Sidex SA Galati

Russia
JSC "MECHEL" (Chelyabinsk Integrated Iron and Steel Works of Russia)
Novolipetsk Iron & Steel Corporation (NI&SCo)
JSC Severstal

Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu
China Steel Corporation

Turkey
Eregli Iron and Steel Works Co.

Ukraine
Zaporizhstal Iron & Steel Works (Zaporizhstal JSC)

United States
Bethlehem Steel Corporation
Corus Tuscaloosa
National Steel Corporation
Nucor Corporation
United States Steel Corporation

Annex 4

Companies that Responded to the Tribunal's Market Characteristics Questionnaire - Discrete Plate

Steel Service Centres

Bohler-Uddeholm Limited
Carbon Steel Profiles Ltd.
Debro Steel
Edmonton Steel Plate
Quality Plate and Profiles Ltd.
Russel Metals Inc.
Sureway Metal Systems Limited
T.A. Brannon Steel Ltd.
Wilkinson Steel & Metals
York Steel Inc.

End Users

Black Cat Blades Ltd.
Build-A-Mold Ltd.
Cessco Fabrication & Engineering
Degelman Industries
Draco Industries
Flexi-Coil Ltd.
General Motors of Canada Ltd.
Le Groupe Canam Manac Inc.,
Division Les Aciers Canam (Canada)
LTV Copperweld-Canadian Tubular Division
Natco Canada Ltd.
Northside Industries
Nova Steel Limited
Ocean Steel & Construction Ltd.
Sleegers Engineering Ltd.
TIW Steel Platework
TrentonWorks Ltd.

Annex 5
Submissions - Discrete Plate

Participants that Filed Injury Submissions

Company

Coalition of Canadian Steel Producers

A.G. der Dillinger Hüttenwerke, Arcelor S.A. and Usinor Canada Inc.

Aker Maritime Kiewit Contractors

Alberta Pressure Vessel Manufacturing Association

Böhler-Uddeholm AG, Edelstahl Witten-Krefeld GmbH, Böhler-Uddeholm Ltd., Thyssen Marathon Canada Ltd., Buderus Edelstahl Werke AG and Buderus Specialty Steel Corp.

Brazilian Mills (Usinas Siderurgicas de Minas Gerais S.A. (USIMINAS) and Companhia Siderúrgica Paulista (COSIPA))

China Iron and Steel Association and China Chamber of Metals, Minerals and Chemicals, Importers and Exporters

Corus America Inc. and Corus Group plc

Highveld Steel and Vanadium Corporation Limited, New Zealand Steel Limited, Ferrostaal Metals Ltd., Knightsbridge International Corp., Salzgitter AG, Salzgitter Trade, Inc., Thyssen Canada Limited, Hoesch Hohenlimburg GmbH, ThyssenKrupp Electrical Steel GmbH, BHP Steel Americas, Inc., BHP Steel Ltd., TradeARBED Canada Inc., ThyssenKrupp Steel North America, Inc., ThyssenKrupp Stahl AG, Thyssen AST USA, Inc., ThyssenKrupp Electrical Steel AST S.p.A., Wirth Steel, A General Partnership, Yieh Phui Enterprise Co. Ltd., Olbert Metal Sales Limited and CCC Steel GmbH

Iscor Limited and Macsteel International (Canada) Limited

Istanbul Ferrous and Non-Ferrous Metals Exporters' Association and Eregli Iron and Steel Works Co.

Midland Steel Ltd.

SSAB Oxelösund AB

U.S. Mills (Bethlehem Steel, National Steel and United States Steel International)

Annex 6
Witnesses - Injury Hearing - Discrete Plate

Witness	Title / Company
Domestic Producers	
James C. Alfano	President and Chief Executive Officer Stelco Inc.
Denis Boiteau	Sales/Marketing Manager, Plate and Strip Stelco Inc., Hilton Works
Alexander (Sandy) Adam	President and Chief Executive Officer Algoma Steel Inc.
Robert W. Dionisi	General Manager Service Centre and Fabrication Sales Algoma Steel Inc.
Glenn A. Gilmore	Trade Supervisor IPSCO Inc.
Others	
Rolf Maier	General Sales Manager AG der Dillinger Hüttenwerke
Jim McNair	President Carbon Steel Profiles Limited
Larry Gusse	President Edmonton Exchanger & Manufacturing Limited
Lyle Dyment	General Manager Ferrostaal Metals Ltd.

CHAPTER VI

HOT-ROLLED SHEET AND COIL

1. Tribunal's Determination on Increased Imports and Serious Injury

On July 4, 2002, the Tribunal determined that flat-rolled carbon and alloy steel hot-rolled sheet and coil is not being imported into Canada from all sources in such increased quantities since the beginning of 1996, and under such conditions, as to be a principal cause of serious injury or threat thereof to domestic producers of like or directly competitive goods.

2. Product and Market

a) Product Description and Use

Carbon and alloy steel hot-rolled sheet and coil are the goods subject to this safeguard inquiry. The Schedule of Specified Goods in the Order indicates that hot-rolled sheet and coil products subject to the inquiry exclude grain-oriented electric steel sheet and stainless grades of flat-rolled steel products.

Products of this description are referred to throughout this report as hot-rolled sheet and coil.

Chapter III of this report provides the methodology used to determine the HS Codes under which hot-rolled sheet and coil may be imported. The HS Codes and the tariff descriptions for hot-rolled sheet and coil can be found in Annex 7 to this chapter.

Hot-rolled sheet and coil are used in the automotive industry in the manufacture of frames, bumpers, wheels and some powertrain components. Hot-rolled sheet and coil are also used in the manufacture of sheet piling and guard rails for use in construction. Significant quantities are also consumed by non-automotive stampers, steel fabricators and producers of agricultural and other machinery.

A large portion of Canadian production of hot-rolled sheet and coil is used as feedstock by the Canadian producers for further internal processing into downstream products, such as cold-rolled steel sheet and corrosion-resistant (galvanized) sheet.

In addition to the above-noted uses, hot-rolled sheet and coil are used in the production of pipes and tubes. Grades, thicknesses, weights, content and tolerances of hot-rolled sheet used for pipe and tube production may vary. However, large volumes of the most basic unprocessed hot-rolled sheet are used by pipe and tube producers in the production of hollow structural products. This sheet is often referred to as "skelp" when it is used in the manufacture of pipes and tubes.

b) Domestic Producers

The domestic producers of hot-rolled sheet are Dofasco Inc. (Dofasco), Stelco Inc. (Stelco), Algoma Steel Inc. (Algoma), IPSCO Inc. (IPSCO) and Ispat Sidbec Inc. (Ispat Sidbec). Approximately 57 percent of the production of hot-rolled sheet products are used by domestic producers for further processing. The balance is sold on the merchant market. Between 1998 and 2000, a number of the producers imported, and all of them exported some quantities of hot-rolled sheet products. In 2001, the five producers together produced approximately 9.2 million tonnes of hot-rolled sheet and coil. Of this volume, 4.1 million tonnes were sold on the domestic and export markets, and 5.1 million tonnes were used as feedstock by the mills themselves for further processing. One additional small producer of hot-rolled sheet and coil was identified. Cold Metal Products Limited (CMPL), an intermediate processor of steel, purchases hot-rolled sheet and, after processing, sells it as either hot-rolled or cold-rolled sheet. CMPL has a facility in Hamilton, Ontario, and a service centre in Montréal, Quebec.

Dofasco makes steel at its Hamilton, Ontario, plant. Dofasco produces a full range of carbon and high-strength low-alloy (HSLA) steel, up to 9.5 percent carbon. As part of its finishing operations for hot-rolled steel, Dofasco has three pickling and oiling lines, coil-slitting and coil-shearing equipment. Dofasco also has steel-making interests in the United States and Brazil.

Stelco produces hot-rolled sheet and coil at two plants: Hilton Works, Hamilton, Ontario, and Lake Erie Steel Company, Nanticoke, Ontario. Stelco has 100 percent ownership of Stelpipe Ltd. in Welland, Ontario, and 40 percent ownership of Camrose Pipe Co. in Camrose, Alberta.

Algoma operates a steelworks at Sault Ste. Marie, Ontario. Algoma, with its subsidiaries, is a vertically integrated primary iron and steel producer of finished steel products, including carbon steel plate, hot-rolled sheet and cold-rolled steel sheet. Until 1998, Algoma produced hot-rolled sheet products on a combined plate-steel complex. Algoma's Direct Strip Production Complex (DSPC), which began producing hot-rolled sheet products in 1998, expanded the company's capacity, thickness range and capabilities in HSLA and formable grades of hot-rolled sheet products.

IPSCO produces hot-rolled sheet and coil at its plants in Regina, Saskatchewan, and in Scarborough, Ontario. IPSCO comprises three units: Raw Materials and Coil Processing Operations, Canadian Steel Mill Operations and Tubular Products. Both Raw Materials and Coil Processing Operations and Canadian Steel Mill Operations manufacture and sell hot-rolled sheet products. In addition to its Canadian operations, IPSCO has a 100 percent interest in a number of U.S. steel-making and tubular facilities.

Ispat Sidbec produces hot-rolled sheet and coil at its plant in Contrecœur, Quebec. Ispat Sidbec is divided into five strategic units: primary operations, machine wire, bars and profiles, flat products and tubing. The flat products division also produces hot bands for its tubing unit. In addition to its Canadian operations, Ispat Sidbec is associated with sister companies in the United States, Kazakhstan and Germany.

c) Importers

The Tribunal received 38 questionnaire replies from companies that reported having imported hot-rolled sheet during the safeguard period of inquiry, 1996 to 2001. A listing of these companies can be found in Annex 8 to this chapter.

Based on Statistics Canada data, the top 10 importers of hot-rolled sheet during the last three years of the safeguard inquiry period, 1999 to 2001, accounted for 56 percent of the total imports of hot-rolled sheet. Of those imports, about 40 percent originated in the United States and 60 percent entered Canada from the rest of the world. In 2001, the five largest importers were Dofasco, IPSCO, Maksteel Service Centre, Division of Makagon Inc., Sonco Steel Tube and Usinor Canada Inc.

d) Foreign Producers

The Tribunal received 53 questionnaire replies from foreign producers of hot-rolled sheet and coil. Based on replies to the Tribunal's questionnaires, the five largest foreign producers of hot-rolled sheet and coil in the world in 2001 are ARCELOR, Pohang Iron & Steel Co. Ltd. (POSCO), Nippon Steel Corporation, ThyssenKrupp Group of Companies and NKK Corporation. Together, these companies accounted for 42 percent of the production of certain hot-rolled sheet and coil products by respondents. A listing of the companies that replied to the Foreign Producers' Questionnaire can be found in Annex 9 to this chapter.

e) Users

The Tribunal received 21 questionnaire replies from various service centres and users of hot-rolled sheet and coil. A listing of these companies can be found in Annex 10 to this chapter.

These respondents represented companies involved in the following industry sectors: construction, automotive, pipe and tube, tool, die and mould, tank fabrication, diesel locomotive manufacture, transportation and heavy fabrication. Various companies submitted that end-use products, such as automotive parts, stampings, die-casting, and tool, die and mould applications, have exacting specifications.

f) Marketing and Distribution

Hot-rolled sheet and coil products are sold directly to end users or marketed through steel service centres, which may further process the steel and supply contractors, end users with smaller requirements, etc. These service centres may also supply urgent needs of consumers that would normally purchase directly from mills when domestic supplies are not readily available in the quantities demanded.

Sales of hot-rolled sheet and coil are made on both a spot-price basis and a contract basis. Spot-price sales are discrete buys conducted order by order. Contractual sales are mainly to the automotive manufacturing industry. Under these contract arrangements, mills negotiate price, volume, parts specifications and duration of the contract with their clients. These contracts usually last a year. In some instances, there are multi-year agreements.

The price of domestically produced hot-rolled sheet and coil consists of a "base coil price", to which charges are added for a variety of features that may be specified by the customer to meet the technical requirements of the application for which the steel is intended. The important features in determining the price of hot-rolled sheet are grade, thickness, width, processing and surface finish.

3. Like or Directly Competitive Goods

The principles applicable to the analysis to determine whether products are "like or directly competitive goods" to each other are set out in Chapter IV of this report. On the basis of the evidence on the record, and for purposes of this inquiry, the Tribunal finds that domestically produced hot-rolled sheet and coil, of the same description as the subject goods, constitute like or directly competitive goods to the subject goods.[58]

4. Determination on Domestic Producers

The collective output of Dofasco, Stelco, Algoma, IPSCO and Ispat Sidbec constitutes a major proportion of the total domestic production of hot-rolled sheet and coil. The Tribunal's injury analysis has been based on the evidence relating to the above-mentioned domestic producers. In this report, they are sometimes referred to as the "domestic industry".

5. Increased Imports

Table 11 shows the volume of imports into Canada of hot-rolled sheet and coil in Canada for the years 1996 to 2001 and the volume of domestic production for the same period.

Table 11
Imports and Domestic Production

	1996	1997	1998	1999	2000	2001
Imports (tonnes)	748,589	1,323,518	1,986,009	1,314,220	2,152,374	962,043
Percent Change		77	50	(34)	64	(55)
Production (tonnes)	8,659,038	8,951,590	9,038,412	9,340,151	9,498,508	9,188,864
Percent Change		3	1	3	2	(3)
Imports as a percentage of Production (%)	8.6	14.8	22.0	14.1	22.7	10.5

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-22, Administrative Record, Vol. 7 at 10, 16.

Parties opposing the imposition of safeguard measures argued that, in order for the Tribunal to conclude that there is an increase in imports, that increase has to be recent, sudden, sharp and significant. It was further argued that the evidence on the record shows that there was no significant increase in imports into Canada of hot-rolled sheet and coil in the recent period, but rather a drastic decrease of 55 percent in imports in 2001 over 2000.

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[58] *Transcript of Public Hearing*, Vol. 1, 12 June 2002, at 12 and 138; *Pre-hearing Staff Report on Market Characteristics*, Tribunal Exhibit GC-2001-001-22.02, Administrative Record, Vol. 7 at 63-70.

The Tribunal reviewed the import trends during the entire period of inquiry and determined that there was a recent, sharp, sudden and significant increase in the absolute volume of imports of hot-rolled sheet and coil in 2000 over 1999, the base year.[59] A review of Table 11 shows that, in absolute terms, the volume of imports into Canada of hot-rolled sheet and coil increased by 64 percent in 2000 over 1999. In 2001, the volume of imports decreased and, while below the 1999 volume, imports remained significantly higher than the 1996 volume. Imports in the first quarter[60] of 2002 were higher than in the first quarter of 1999 and significantly higher than in the first quarter of 1996. The Tribunal finds that the increase in imports of 838,000 tonnes between 1999 and 2000 was a recent, sharp, sudden and significant increase in imports into Canada of hot-rolled sheet and coil.

From 1999 to 2000, the domestic industry's production of hot-rolled sheet and coil increased by only 2 percent, while imports grew by 64 percent. The volume of imports, as a percentage of domestic production, varied considerably over the period of inquiry. In 2000, this ratio peaked at 22.7 percent, or 8.6 percentage points higher than the ratio of imports to production in 1999, and 14.1 percent higher than the same ratio in 1996. In 2001, this ratio decreased to 10 percent, but remained higher than the ratio for 1996.

Accordingly, the Tribunal concludes that there was a recent, sharp, sudden and significant increase in imports of hot-rolled sheet and coil in 2000 over 1999, the base year, both in absolute terms and relative to domestic production of hot-rolled sheet and coil.

6. Unforeseen Developments

Having found that there was a significant increase in imports from 1999 to 2000, the Tribunal must now determine whether the increased imports resulted from unforeseen developments.

The domestic industry submitted that import penetration into the Canadian market was due to a number of unforeseen developments, among them an extensive global overcapacity and overproduction in steel products, the Asian economic crisis and the collapse of certain economies in Eastern Europe. Other parties submitted that these developments were not "unforeseen" and could not be linked to the increase in imports.

The Tribunal finds that the significant increase in imports in 2000 was due to a number of unforeseen developments. The Asian crisis, the Japanese economic slowdown and the collapse of the Russian and Commonwealth of Independent States economies, together with the resulting economic turmoil, weakened many economies in Asia and Eastern Europe. Nevertheless, the large steel production capacities in these regions were not idled. Steel producers loaded their mills in order to sustain production and employment levels and to maintain cash flow. Because their domestic markets weakened substantially, they were forced to sell a high proportion of their production into export markets. Furthermore, developments such as the agreements[61] between the European Coal and Steel Community and the Russian Federation, and with Kazakhstan and with Ukraine on trade in certain steel products placed restraints on steel exports from these countries. The agreements, in place since 1997, (2000 for Kazakhstan), have put further pressure on these countries to sell their steel in markets other than the European Union. All these developments, linked with overcapacity and overproduction, have had a global impact that spilled over into North American markets, placing pressure on U.S. producers as well.[62]

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[59] The year 2000 was determined by the Tribunal to be a period of significantly increased imports. The period 2000 to 2001 was the period during which the Tribunal evaluated the impact of the increased imports on the domestic industry's performance. Accordingly, the Tribunal determined that the base year for comparison purposes was 1999.

[60] *Pre-hearing Staff Report, Supplemental Data,* Tribunal Exhibit GC-2001-001-22A, Administrative Record, Vol. 7 at 53.4.

It is the view of the Tribunal that the impact of global developments was felt in the world steel market for most of the period of inquiry. All of these developments have had major implications for global steel trade and were a significant factor leading to increased steel exports to Canada in 2000.[63]

The impact of weakening home markets has manifested itself specifically in increased exports of hot-rolled sheet to Canada from many countries at various points during the period of inquiry.[64] In 2000 in particular, India, which had achieved a 168,000 tonne increase the previous year, led the Asian exporting countries with a further increase of 143,000 tonnes over 1999. Japan accounted for an increase of 91,000 tonnes in 2000 over 1999, while China followed closely with an increase of 90,000 tonnes. Together, in 2000, the Asian countries accounted for an increase in imports well in excess of 400,000 tonnes, or 49 percent of the total increase over 1999 from all countries. Although Eastern European countries contributed less to the increase in imports in 2000, Kazakhstan, Bulgaria, Ukraine and the Former Yugoslavia together accounted for an increase of 122,000 tonnes. In the same year, the pressure of global events was also manifested in the substantial increase in imports from the United States, which rose 280,000 tonnes above their 1999 level.

Accordingly, the Tribunal finds that the significant increase in imports into Canada resulted from the unforeseen world market developments relating to global steel industries, with respect to hot-rolled sheet and coil in particular.

7. Serious Injury Analysis

In determining whether serious injury has occurred, the Tribunal examined the factors listed in Chapter IV of this report. These factors are discussed in detail below, in the context of the total period of inquiry, with a particular focus on developments since 1999, the base year.

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[61] Tribunal Exhibits GC-2001-001-168.23-168.27 (single copy exhibits), Administrative Record, Vol. 1M at 250-400.

[62] Federal Register, Presidential Documents (7 March 2002), Tribunal Exhibit GC-2001-001-168.21 (single copy exhibit), Administrative Record, Vol. 1M at 196-201.

[63] Expert Report, *Canadian Steel Industry: An Economic Industry Study*, Tribunal Exhibit GC-2001-001-178.01, Administrative Record, Vol. 1C at 199, 217, 218.

[64] *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-22, Administrative Record, Vol. 7 at 12.

a) Production, Capacity and Capacity Utilization

Table 12 shows the practical capacity and production volumes of hot-rolled sheet and coil in Canada for the years 1996 to 2001.

Table 12
Domestic Production Indicators

	1996	1997	1998	1999	2000	2001
Practical Capacity (tonnes)	9,487,216	9,604,924	9,829,200	10,429,776	10,696,950	11,123,164
Total Production (tonnes)	8,659,038	8,951,590	9,038,412	9,340,151	9,498,508	9,188,864
Percent Change		3	1	3	2	(3)
Capacity Utilization Rate (%)	91	93	92	90	89	83

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-22, Administrative Record, Vol. 7 at 10.

During the period 1999 to 2000, practical capacity increased by 267,000 tonnes, or by 3 percent, followed by an additional increase in 2001 of 426,000 tonnes, or 4 percent. In fact, the total practical capacity increased steadily over the entire period of inquiry, 1996 to 2001, by approximately 1.6 million tonnes, or 17 percent.

Total production for domestic market sales, export sales and further internal processing increased every year between 1996 and 2000, when it reached a peak of approximately 9.5 million tonnes. This represents a 2 percent increase over 1999 and a 9.7 percent increase above the 1996 level. Following its peak in 2000, production declined in 2001 by 3 percentage points to 9.2 million tonnes.

Between 1996 and 2000, capacity utilization ranged between a high of 93 percent in 1997 and a low of 89 percent in 2000, before decreasing a further 6 percentage points in 2001.

b) Domestic Industry Market Performance Indicators

Table 13 shows the size of the Canadian market and certain market performance indicators for the domestic industry.

Table 13
Domestic Industry Market Performance Indicators

	1996	1997	1998	1999	2000	2001
Apparent Market (tonnes)	4,351,917	5,042,893	5,533,561	5,240,200	6,157,218	5,033,822
Percent Change		16	10	(5)	17	(18)
Domestic Industry Sales (tonnes)	3,603,328	3,719,375	3,547,552	3,925,980	4,004,844	4,071,779
Percent Change		3	(5)	11	2	2
Market Share (%)	83	74	64	75	65	81
Average Delivered Selling Value ($/tonne)	552	574	553	511	540	471
Percent Change		4	(4)	(8)	6	(13)
Inventories (tonnes)	273,713	343,972	527,243	349,752	441,379	367,307

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-22, Administrative Record, Vol. 7 at 17-19.

The apparent Canadian market increased by over 900,000 tonnes in 2000 to 6.2 million tonnes, an increase of 17 percent over the 1999 level and 41 percent above 1996. In 2001, the market lost its 2000 gains, falling 18 percent to approximately 5 million tonnes, about 4 percent below the 1999 level, but 16 percent above the 1996 level.

Table 13 indicates that the domestic producers did not participate, to any appreciable extent, in the market growth in 2000. Although sales from domestic production by the domestic producers increased by 2 percent in 2000 over 1999, domestic producers saw their market share decrease from 75 percent in 1999 to 65 percent in 2000. However, in 2001, when the market dropped by 18 percent, domestic sales increased by 2 percent, and the share of the market held by domestic producers increased to 81 percent, significantly higher than the level in 1999.

The average delivered selling values of domestic product increased by 6 percent in 2000 over 1999, reaching $540 per tonne, before decreasing by 13 percent in 2001 to $471 per tonne, the lowest price in the period of inquiry, and $81 per tonne, or 15 percent, below the 1996 value. The 13 percent decrease in price from 2000 to 2001 was the largest change from one year to the next over the entire period of inquiry. Prices in the first quarter of 2002 have begun to firm up.[65]

Producers' year-end 2000 inventory levels of hot-rolled sheet and coil rose by 26 percent, compared to 1999. In 2001, inventory levels fell back to similar levels held by the domestic producers in 1997 and 1999, before the significant increase in imports in 2000 took place. As a proportion of production, inventory levels peaked in 1998 at 5.8 percent of production. They decreased to 3.7 percent in 1999, increased to 4.6 percent in 2000, before falling again in 2001 to a level of 4 percent of production.

c) Employment and Related Indicators

Table 14 shows employment and related productivity indicators for domestic producers of hot-rolled sheet and coil.

Table 14
Employment and Related Indicators

	1996	1997	1998	1999	2000	2001
Direct Employment	1,282	1,219	1,203	1,395	1,366	1,299
Total Employment	1,860	1,799	1,764	1,987	1,942	1,888
Hours Worked - Total Employment (000)	3,497	3,415	3,336	3,716	3,630	3,502
Productivity (tonnes/hour)	2.48	2.62	2.71	2.51	2.62	2.62
Average Hourly Wage Rate[1] ($/hour)	32	32	34	36	37	35

Note 1: Wages paid before deductions of any kind (e.g. Canada Pension Plan, Employment Insurance, union dues), including wages paid directly for overtime, holidays, vacations and sick leave.

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-22B, Administrative Record, Vol. 7 at 53.8-53.9.

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[65] *Transcript of Public Hearing*, Vol. 1, 12 June 2002, at 49-51, 87, 100.

The total number of employees and the total number of hours worked in the hot-rolled sheet and coil sector of the steel industry peaked in 1999, the year before the significant increase in imports in 2000. Total employment then fell by 2 percent in 2000 and a further 3 percent in 2001, while the number of hours worked dropped by 2 and 4 percent respectively.

Industry productivity was relatively stable between 1997 and 2001.

The average hourly wage rate increased from $32 in 1997 to $37 in 2000. It then fell slightly in 2001 to $35 per hour.

d) Financial Performance Indicators

Table 15 shows financial performance indicators for the domestic producers of hot-rolled sheet and coil.

Table 15
Financial Performance Indicators

	1996	1997	1998	1999	2000	2001
Net Commercial Sales Value ($/tonne)	540	561	542	502	528	459
Cost of Goods Sold ($/tonne)	428	432	449	435	437	435
Gross Margin ($/tonne)	112	129	94	67	91	25
Net Income Before Taxes ($/tonne)	57	78	28	6	27	(49)
Return on Investment[1] (% of fixed assets)	12.6	16.2	6.8	3.7	7.8	(11.1)
Cash Flow[1] ($000)	349,154	445,287	244,886	197,251	272,136	(77,708)

Note 1: Includes sales for export.

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-22, Administrative Record, Vol. 7 at 22, 24-25.

All the financial performance indicators shown in Table 15, except for cost of goods sold, improved in 2000 compared to 1999, but worsened by significant amounts in 2001 compared to 2000. Specifically, between 2000 and 2001, on a per tonne basis, the net commercial sales value fell by 13 percent, gross margin fell by 73 percent, net income before taxes fell from $27 per tonne to a loss of $49 per tonne, return on investment fell from 7.8 percent of fixed assets to a loss of 11.1 percent and the cash flow position of the industry fell from $272 million to a negative $78 million. All these indicators, again with the exception of cost of goods sold, were well below the levels of 1996.

In addition to the weak financial situation described above, the Tribunal heard testimony during the hearing that the industry's ability to raise capital also deteriorated during the period of inquiry, although this deterioration was not caused by the results for hot-rolled sheet alone.[66]

e) Tribunal's Conclusion on Serious Injury

On the basis of the preceding examination of the domestic industry's performance indicators the Tribunal finds that the domestic industry producing hot-rolled sheet and coil did suffer significant overall impairment and, thus, incurred serious injury. This injury was manifested in 2001 as significantly reduced prices, declining revenues, reduced margins, losses before taxes, reduced investment, deterioration in cash flow and return on investment, and a slight decline in employment and hours worked.

8. Principal Cause of Injury

a) Increased Imports

Table 16
Apparent Market and Price Indicators

	1996	1997	1998	1999	2000	2001
Apparent Market (tonnes)	4,351,917	5,042,893	5,533,561	5,240,200	6,157,218	5,033,822
Percent Change		16	10	(5)	17	(18)
Import Market Share (%)	17	26	36	25	35	19
Domestic Market Share (%)	83	74	64	75	65	81
Average Delivered Selling Value of Imports ($/tonne)	546	516	475	466	511	489
Percent Change		(6)	(8)	(2)	10	(4)
Average Delivered Selling Value of Domestic Product ($/tonne)	552	574	553	511	540	471
Percent Change		4	(4)	(8)	6	(13)

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-22, Administrative Record, Vol. 7 at 17-18.

The domestic producers of hot-rolled sheet and coil argued that the principal cause of the declining performance of the industry during the safeguard inquiry period was the penetration into the Canadian market of significant increased imports at low prices. They submitted that, as a result of the increased imports, they experienced serious injury in the form of reduced production and capacity utilization, declining revenues, declining margins and profitability, and reduced investment.

Imports into Canada of hot-rolled sheet and coil increased their share of the market from 25 percent in 1999 to 35 percent in 2000, close to twice the share that they held in 1996.

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66. *Transcript of Public Hearing*, Vol. 1, 12 June 2002, at 68-70; Tribunal Exhibit GC-2001-001-26.03 (protected), Administrative Record, Vol. 8.1 at 162; Tribunal Exhibit GC-2001-001-26.05 (protected), Administrative Record, Vol. 8.1A at 6; Tribunal Exhibit GC-2001-001-26.06 (protected), Administrative Record, Vol. 8.1A at 222.

In 2001, import volumes and the market share of imports declined, while the share of the market held by domestic producers increased to 81 percent from 65 percent in 2000. Despite the fluctuations in imports over the period of inquiry, the market share held by the domestic industry in 2001 was close to the level attained in 1996.

Imports in 2001 were 962,000 tonnes, compared to a 1996 level of 749,000 tonnes. This increase should be seen in the context of the fact that the market grew by over 680,000 tonnes during the same period. Further, the domestic industry recognizes that the Canadian market for hot-rolled sheet and coil must rely on imports to satisfy a portion of total demand.[67] Domestic producers submitted that the level of imports entering Canada in 1996 was manageable.[68]

With respect to the impact of the increased imports on prices of hot-rolled sheet and coil in 2000, as imports increased, the average selling price in the Canadian market of both domestic product and imports also increased. The average price of imports in the market in 2000 increased by 10 percent over 1999 levels, to $511 per tonne, while the average market price of domestic product increased by 6 percent, to $540 per tonne. The difference in prices corresponds to a normal premium that is accorded to domestic suppliers.[69]

Similarly, as imports declined in 2001, the prices of hot-rolled sheet and coil in Canada declined. The average domestic selling price fell to a low of $471 per tonne. The average delivered selling value of imports on the Canadian market also fell, but less steeply than domestic products, ending at a higher level of $489 per tonne.

The downward movement in import prices in 2001 no doubt contributed to some of the decline in domestic prices. This, in turn, had some impact on the industry's performance with respect to reduced prices, declining revenues, reduced margins, losses before taxes, reduced investment, deterioration in cash flow and return on investment.

The Tribunal notes that the record shows that approximately 40 to 50 percent of the imports of hot-rolled sheet and coil from the United States are destined for automotive end-use.[70] The Tribunal is of the view that the automotive portion of the market for hot-rolled sheet and coil is much less susceptible to injury from increased imports than is the spot portion of the market. The pricing arrangements for hot-rolled sheet and coil sold for automotive end-use are largely contractual in nature and tend to be stable for one to three years (or the life of a part of an automobile).[71] In contrast, offshore imports play only a small part in the direct sales to the automotive market.

Based on the above review of increased imports and their effects on the Canadian market, the Tribunal is persuaded that the increased imports in 2000 were a cause of injury to the domestic industry.

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[67] *Transcript of Public Hearing*, Vol. 1, 12 June 2002, at 31-33.

[68] *Transcript of Public Argument*, 13 June 2002, at 25.

[69] *Transcript of Public Hearing*, Vol. 1, 12 June 2002, at 132, 193-195, 213.

[70] *Transcript of Public Hearing*, Vol. 1, 12 June 2002, at 67, 158.

[71] *Transcript of Public Hearing*, Vol. 1, 12 June 2002, at 158.

b) Other Causes of Injury

Having found that increased imports played a role in the injury to domestic producers, the Tribunal examined other factors to determine whether the increased imports were a principal cause of serious injury to the domestic industry or whether the impact of any other factors on the domestic industry was greater than that of the increased imports.

Several parties submitted that there were factors other than increased imports that caused the injury to the domestic producers of hot-rolled sheet and coil. These factors include the trends in demand and the economic conditions in Canada, the ability of domestic producers to supply the market and intra-industry competition.

i) Trends in Demand and Economic Conditions

Demand for hot-rolled sheet products in late 1999 and the early part of 2000 was strong, due to the demand from the Canadian manufacturing sector, especially the automotive industry. Domestic producers' volumes of production of hot-rolled sheet and coil peaked at close to 9.5 million tonnes in 2000, up 160,000 tonnes from 1999. This increased production was for further internal processing. In order to increase sales to the merchant market, domestic producers reduced their exports.

The Tribunal heard testimony that the demand was so strong that domestic suppliers had some difficulty meeting demand on a timely basis.[72] Although the data show that total industry plant capacity utilization rate in 2000 was 89 percent, there was evidence that plant loading for the hot-strip mills of some producers was at or near maximum capacity.[73] As a result, some domestic producers increased their own imports of hot-rolled sheet products to supplement the needs of their cold-rolled steel sheet and galvanizing facilities.

Evidence on the record indicates that producers tended to meet the needs of their customers that purchased further processed products before servicing the needs of sectors demanding lower valued product.[74] As a result, some service centres and end users turned to imports to ensure a continuity of supply in a strong market.

Towards the end of 2000, it became evident that demand in the automotive sector was softening and that there was a concurrent decline in overall demand. At the same time, offshore supplies of hot-rolled sheet products, ordered earlier in the year, when the demand was higher, continued to arrive. Some mills in the United States, which were experiencing similar market weaknesses and financial difficulties, exported increasing amounts of hot-rolled sheet and coil later in 2000. As the market softened, demand fell for hot-rolled sheet and coil, as well as for its downstream products, corrosion resistant and cold-rolled sheet and coil. Consequently, increased volumes of domestically produced hot-rolled sheet and coil that would otherwise have been used as feedstock for further processing became available for the merchant market and created downward pressure on prices.

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[72] *Transcript of Public Hearing*, Vol. 1, 12 June 2002, at 133-34.

[73] *Certain Flat Hot-rolled Carbon and Alloy Steel Sheet and Strip* (4 September 2001), NQ-2001-001 (CITT).

[74] *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-22, Administrative Record, Vol. 7 at 16; *Transcript of Public Hearing*, Vol. 1, 12 June 2002, at 77.

As a result of these pressures and simultaneous developments, prices of both imports and domestic product began to fall in the last quarter of 2000.[75] As the market continued to soften, price declines accelerated. Domestic suppliers began to price much more aggressively in order to protect capacity utilization and market share.[76] These factors fuelled the downward trend of prices. The price pressure on sales of hot-rolled sheet and coil was so severe that the domestic producers' average prices declined by $69 per tonne between 2000 and 2001.

In addition to the softening of demand, other factors also led to the price declines initiated by domestic producers. For example, the events[77] in the U.S. market led to reduced prices in the United States, as producers attempted to improve throughput. Several witnesses agreed that the lower U.S. domestic prices were reflected in Canadian prices.

The price-cutting measures undertaken by the domestic producers in 2001 enabled them to sell more hot-rolled sheet and coil in the declining market. The domestic producers increased their market share from a low of 65 percent in 2000 to 81 percent in 2001. This market gain, however, came at a high price, as both gross margins and net income before taxes declined sharply. Producers' gross margins declined from $91 per tonne in 2000 to $25 per tonne in 2001. Net income before taxes dropped even more sharply, declining from $108 million in 2000 to an industry-wide loss of over $200 million in 2001.[78]

Accordingly, the Tribunal finds that part of the serious injury to the domestic industry was due to the deteriorating market conditions in late 2000 and throughout 2001.

ii) Domestic Producers' Ability to Supply the Market

In response to the strong demand in the Canadian economy during most of the period of inquiry, the domestic industry increased capacity by over 1.6 million tonnes between 1996 and 2001. More than half of this increase occurred between 1999 and 2001.

The new capacity in 1996 to 2000 was used mainly to supply the hot-rolled sheet and coil downstream production of cold-rolled and corrosion-resistant products. The Tribunal is of the view that the dedicated volumes of hot-rolled sheet and coil for downstream production affected the domestic producers' performance and ability to supply the merchant market for hot-rolled sheet and coil. In 1999 and especially 2000, when the market was strong, the industry made decisions to favour the supply of feedstock for downstream production of higher value-added products, such as cold-rolled and corrosion-resistant products, rather than the merchant market for hot-rolled sheet and coil. The impact of sending large volumes of hot-rolled sheet and coil down the line for further processing was to short the merchant market and resulted in the need for users to increase reliance on imports.[79] Over the period of inquiry, the market demand for hot-rolled sheet and coil peaked in 2000 at about 6.2 million tonnes. Notwithstanding the fact that the domestic industry produced 9.5 million tonnes of hot-rolled sheet and coil, it sold just over 4 million tonnes in the Canadian market. The balance, over 57 percent of its production, went downstream for further internal processing.

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[75] *Transcript of Public Hearing*, Vol. 1, 12 June 2002, at 66-67, 177-79.

[76] *Certain Flat Hot-rolled Carbon and Alloy Steel Sheet and Strip* (4 September 2001), NQ-2001-001 (CITT); *Transcript of Public Hearing*, Vol. 1, 12 June 2002, at 52.

[77] *Transcript of Public Hearing*, Vol. 1, 12 June 2002, at 66, 67.

[78] *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-22, Administrative Record, Vol. 7 at 22.

It is clear that, during the periods when the market was strong, a significant volume of imports was required to meet the demand in the market because domestic producers did not supply it. It was only when the automotive market fell in late 2000 and early 2001 and the demand for cold-rolled and corrosion-resistant products declined that the domestic industry offered hot-rolled sheet and coil on the merchant market that, in previous years, would have been destined for further processing, in an attempt to maintain production levels.

Accordingly, the Tribunal finds that the domestic producers' decisions to channel more of their hot-rolled sheet and coil to downstream uses contributed to the serious injury.

iii) Competition Among Domestic Producers

Evidence before the Tribunal indicates that there was strong competition in Canada between domestic producers of hot-rolled sheet and coil.[80]

The Tribunal observes that financial performance problems faced by the domestic industry are tied principally to one of the largest producers: Algoma. It is clear from the record that the data reported by this producer pulled down the averages for the industry as a whole.[81] The Tribunal heard testimony that Algoma, which sells the vast majority of its production in the merchant market, faced production and financial difficulties during the period in which the significant increase in imports occurred and in 2001.[82] The Tribunal believes that this company's pricing initiatives negatively influenced the merchant market price for hot-rolled sheet and coil and added fuel to the intra-industry competition already at play in the market. With regard to imports in this competitive environment, witnesses testified that the price competition between domestic producers led to such low prices that imports withdrew from the market in 2001. These witnesses indicated that mills outside Canada did not want to compete in the Canadian market at such low prices.[83]

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79. *Certain Flat Hot-rolled Carbon and Alloy Steel Sheet and Strip* (4 September 2001), NQ-2001-001 (CITT); Submission related to injury filed by Corus America Inc. and Corus Group plc, Witness Statement, Tribunal Exhibit GC-2001-001-410.11, Administrative Record, Vol. 7.5C; Submission related to injury filed by Thyssen Canada Ltd., Witness Statement at D-4, Tribunal Exhibit GC-2001-001-410.12, Administrative Record, Vol. 7.5C at 2-3.
80. *Protected Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-23 (protected), Administrative Record, Vol. 8 at 15; *Transcript of Public* Hearing, Vol. 1, 12 June 2002, at 142.
81. *Transcript of Public* Hearing, Vol. 1, 12 June 2002, at 75; Protected *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-23 (protected), Administrative Record, Vol. 8 at 24; *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-22, Administrative Record, Vol. 7 at 22.
82. *Protected Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-23 (protected), Administrative Record, Vol. 8 at 8; *Transcript of Public Hearing*, Vol. 1, 12 June 2002, at 8-9, 37-38, 77-78, 106.
83. *Transcript of Public Hearing*, Vol. 1, 12 June 2002, at 142-43.

In summary, the Tribunal is of the view that the competition among domestic producers of hot-rolled sheet was an important cause of the serious injury suffered by the domestic producers.

c) Tribunal's Conclusion on Principal Cause

The Tribunal is of the view that increased imports, while they contributed to the injury, were not a principal cause of serious injury. Although the significant increase in imports occurred throughout 2000, the overall financial results of the domestic producers for 2000 were significantly better in 2000 than in 1999. It was not until 2001, when imports declined and demand deteriorated, that the financial results showed serious injury.

It is the Tribunal's opinion that the major cause of the injury was the economic downturn that caused a steep decline in demand for hot-rolled sheet and coil beginning in the latter half of 2000 and continuing into late 2001. The substantial decline in demand was caused in large measure by a severe decline in automotive demand. This decline in automotive demand adversely affected the demand for corrosion-resistant sheet and coil, cold-rolled products and, in turn, the hot-rolled sheet and coil used as feedstock to make these products. Similarly, a general downturn in business activity also contributed to the decline in demand for hot-rolled sheet and coil in the merchant market.

The decline in automotive demand and the general softening of business conditions happened at the same time as most of the injury experienced by the domestic industry. The Tribunal is convinced by the evidence that it was the decline in automotive demand and the general softening of business conditions that caused prices in the domestic market to fall. As producers attempted to maintain production, fill increased capacity and gain market share, the competition among domestic producers also had a significant impact on the degree to which prices declined in 2001.

In summary, the Tribunal finds that the single most important cause of injury to the domestic industry was the economic downturn in Canada in late 2000 and 2001 leading to the decline in demand for hot-rolled sheet and coil.

9. Threat of Serious Injury

Since the Tribunal has determined that the increased imports were not a principal cause of serious injury to the domestic producers of hot-rolled sheet and coil, it must determine whether there is a threat of serious injury caused by the increase in imports.

Looking at 2002, there is evidence that the market in Canada for hot-rolled sheet and coil began to turn around in the early part of the year.[84] The automotive sector was growing at a faster rate than previously forecast. Sales of hot-rolled sheet and coil began to increase. During the first quarter of 2002, the Canadian mills were able to initiate a number of price increases in the spot market.[85] With the sudden and somewhat unexpected turn of events, the supply of hot-rolled sheet and coil available for the merchant market became tight. The supply picture in the market changed dramatically in the first five months of 2002, to the point where users were having difficulty obtaining their requirements of hot-rolled sheet and coil.[86] Delivery times were extended, in some cases as far out as October 2002.[87] Testimony of witnesses, including domestic producers, importers and users of hot-rolled sheet and coil, confirmed this situation. The fear of shortages late in the first quarter of 2002 gave rise to increased purchases by service centres and end users, as they expect demand in Canada to remain strong and supplies tight. In response to this tightening of the market, Canadian mills put customers on allocation or "controlled order intake".[88]

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[84] *Transcript of Public Hearing*, Vol. 1, 12 June 2002, at 19-20, 148.

[85] *Transcript of Public Hearing*, Vol. 1, 12 June 2002, at 21, 49, 87, 100-101, 147.

Both the Canadian and U.S. economies in the first five months of 2002 have shown marked improvements over 2001, particularly in the automotive sector. It is apparent that these improvements are better than had been forecasted. Evidence on the record shows that the recent strength demonstrated in the Canadian economy is expected to continue on a slow but steady upward trend. The automotive industry in Canada showed significant growth numbers in the first quarter of 2002.

Looking outside Canada, evidence on the record shows that the world steel markets are strengthening. World demand for hot-rolled sheet is growing.[89] Currently, world steel prices, whether they are for semi-finished products or flat-rolled products, are increasing substantially. This is a result of strengthening world market demand. The recent strength demonstrated in the world steel markets is expected to continue on a slow but steady upward trend.

Based on the foregoing evidence, the Tribunal concludes that the decreased demand for hot-rolled sheet and coil due to the economic downturn, which was the main cause of serious injury, is reversing itself. Thus, current market conditions do not suggest that there is a risk of serious injury due to the high level of imports.

However, the Tribunal also needs to consider whether there is evidence that the current volume of imports is likely to increase further in the near future to the extent that, at an augmented volume, imports are likely to become a principal cause of serious injury. In considering this issue, the Tribunal is mindful that a determination of threat is to be based on "facts" and not on "conjecture".[90]

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[86] *Transcript of Public Hearing*, Vol. 1, 12 June 2002, at 159.

[87] *Transcript of Public Hearing*, Vol. 1, 12 June 2002, at 116; Submission related to injury filed by Pohang Iron & Steel Co., Ltd./Daewoo Canada Ltd., Witness Statement of Daewoo Canada Ltd., Tribunal Exhibit GC-2001-001-410.07, Vol. 7B at 39.

[88] *Transcript of Public Hearing*, Vol. 1, 12 June 2002, at 137, 159, 161.

[89] Submission related to injury filed by Arcelor S.A. and Usinor Canada Inc. at TABS 3, 8-15, Tribunal Exhibit GC-2001-001-410.17, Administrative Record, Vol. 7.5D; *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-22, Administrative Record, Vol. 7 at 34.

[90] *United States Safeguard Measures on Imports of Fresh, Chilled or Frozen Lamb Meat from New Zealand and Australia*, WT/DS177/AB/R (21 December 2000).

There is evidence that the economies in Asia and Europe are growing.[91] As a result, foreign producers of steel in offshore markets are now focusing their sales efforts in markets closer to home. Witnesses stated that, as a result of the increasing demand at home, the availability of supply of steel for the export market is becoming tight.[92] The Tribunal heard that, currently, it is very difficult to find offshore steel mills interested in offering hot-rolled sheet and coil to the Canadian market because their domestic demand is strong and they have sales commitments in their own part of the world.[93]

In addition, the Tribunal attempted to assess the current and likely future impact on imports of the U.S. safeguard measures. In response to questions by the Tribunal, industry witnesses cited examples of what they considered to be a diversion of imports to Canada as a result of the U.S. measures. However, in the view of the Tribunal, these examples did not demonstrate that diversion had taken place. Indeed, despite the fact that the U.S. implemented safeguard measures, imports continue to enter the U.S. market.[94] The safeguard measures invoked in the United States have allowed prices to increase in that market. These price increases have been so dramatic that, even after paying a 30 percent tariff, imports continue to supply that market. Further, the U.S. authorities granted a number of exclusions for certain products and exclusions for developing countries. The Tribunal believes that these exclusions also reduce the potential for diversion. Thus, the evidence on the record does not lead to the conclusion that the diversion of imports of hot-rolled sheet and coil originally destined for the United States is occurring now or is imminent.

In addition to the effects of the U.S. safeguard measures, the Tribunal took into account the provisional measures, tariff rate quotas (TRQs), recently implemented by the European Union. It notes that the measures continue to allow for imports into that market at normal tariff rates. This level of imports is based on the average volume of imports into the European Union over the past three years, plus 10 percent. Imports into the European Union during the last three years have been at record high levels.[95] The evidence shows that, since the European Union implemented provisional safeguard measures, imports into the European Union continue, but at levels well within the limits set by the TRQ. In the Tribunal's opinion, the evidence does not point to the likelihood that injurious levels of hot-rolled sheet and coil will be diverted from the European Union into Canada as a result of the recent implementation of provisional safeguard measures.

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91. *Transcript of Public Hearing*, Vol. 1, 12 June 2002, at 152; Submission related to injury filed by POSCO, Witness Statement of POSCO, Tribunal Exhibit GC-2001-001-410.07, Administrative Record, Vol. 7.5B; Submission related to injury filed by Arcelor S.A. and Usinor Canada Inc. at 65-72, Tribunal Exhibit GC-2001-001-410.17, Administrative Record, Vol. 7.5D at 31.
92. *Transcript of Public Hearing*, Vol. 1, 12 June 2002, at 185-86.
93. Submission related to injury filed by POSCO, Witness Statement of POSCO, Tribunal Exhibit GC-2001-001-410.07, Administrative Record, Vol. 7.5B at 31.
94. *Transcript of Public Hearing*, Vol. 1, 12 June 2002, at 167, 168, 170.
95. Submission related to injury filed by Arcelor S.A. and Usinor Canada Inc., Witness Statement of Arcelor S.A. at paras. 24-31, Tribunal Exhibit GC-2001-001-410.17, Administrative Record, Vol. 7.5D.

Furthermore, the Tribunal observes that anti-dumping findings[96] in Canada will be in place until at least 2005 for 13 major exporting countries of hot-rolled sheet and coil. Some of these countries include key suppliers, such as Brazil, Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, France and Russia. One witness remarked on the difficulty of replacing this calibre of suppliers. Submissions to the Tribunal noted that the extensive use of the protection afforded by the application of the trade remedy provisions of SIMA has resulted in a market protected from significant increases of unfairly traded steel. These findings discourage participation in the market.[97] In addition, the significant level of anti-dumping protection makes the diversion of product originally destined for the United States into Canada less likely.

Accordingly, the Tribunal concludes that the facts on the record do not support the conclusion that the current volume of imports is likely to increase significantly in the near future.

Based on the above review of the evidence, the Tribunal finds that the increased imports are not a principal cause of threat of serious injury to the domestic producers of hot-rolled sheet and coil.

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[96] *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-22, Administrative Record, Vol. 7 at 9.

[97] Submission related to injury filed by Corus America Inc. and Corus Group plc, Witness Statement at D-8, D-9, Tribunal Exhibit GC-2001-001-410.11, Administrative Record, Vol. 7.5C.

Annex 7
HS Code Descriptions - Hot-rolled Sheet and Coil

2001 HS Code		2001 Description
7208		Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot-rolled, not clad, plated or coated.
72081000		-In coils, not further worked than hot-rolled, with patterns in relief
	7208100010	----Of a width of 600 mm or more but not exceeding 1,525 mm
	7208100020	----Of a width exceeding 1,525 mm
		-Other, in coils, not further worked than hot-rolled, pickled:
720825		--Of a thickness of 4.75 mm or more
72082510		---For use in the manufacture of drill pipe, casing or tubing, or fittings, couplings, thread protectors or nipples therefor, for natural gas or oil wells; For use in the manufacture of separators or treaters (water, oil, gas) for installation between the wellhead assembly or surface oil pumping unit and the field marketing valve at oil or natural gas wells
	7208251010	----Of a width of 600 mm or more but not exceeding 1,525 mm
	7208251020	----Of a width exceeding 1,525 mm but not exceeding 1,830 mm
	7208251030	----Of a width exceeding 1,830 mm but not exceeding 2,450 mm
	7208251040	----Of a width exceeding 2,450 mm
72082590		---Other
	7208259010	----Of a width of 600 mm or more but not exceeding 1,525 mm
	7208259020	----Of a width exceeding 1,525 mm but not exceeding 1,830 mm
	7208259030	----Of a width exceeding 1,830 mm but not exceeding 2,450 mm
	7208259040	----Of a width exceeding 2,450 mm
720826		--Of a thickness of 3 mm or more but less than 4.75 mm
72082610		---Without indented edges, not hardened, tempered nor ground, for use in the manufacture of saws
	7208261010	----Of a width of 600 mm or more but not exceeding 1,525 mm
	7208261020	----Of a width exceeding 1,525 mm but not exceeding 1,830 mm
	7208261030	----Of a width exceeding 1,830 mm but not exceeding 2,450 mm
	7208261040	----Of a width exceeding 2,450 mm
72082690		---Other
	7208269010	----Of a width of 600 mm or more but not exceeding 1,525 mm
	7208269020	----Of a width exceeding 1,525 mm but not exceeding 1,830 mm
	7208269030	----Of a width exceeding 1,830 mm but not exceeding 2,450 mm
	7208269040	----Of a width exceeding 2,450 mm
720827		--Of a thickness of less than 3 mm
72082710		---Without indented edges, not hardened, tempered nor ground, for use in the manufacture of saws
	7208271010	----Of a width of 600 mm or more but not exceeding 1,525 mm
	7208271020	----Of a width exceeding 1,525 mm but not exceeding 1,830 mm
	7208271030	----Of a width exceeding 1,830 mm but not exceeding 2,450 mm
	7208271040	----Of a width exceeding 2,450 mm
72082790		---Other
	7208279010	----Of a width of 600 mm or more but not exceeding 1,525 mm
	7208279020	----Of a width exceeding 1,525 mm but not exceeding 1,830 mm
	7208279030	----Of a width exceeding 1,830 mm but not exceeding 2,450 mm
	7208279040	----Of a width exceeding 2,450 mm
		-Other, in coils, not further worked than hot-rolled
72083600		--Of a thickness exceeding 10 mm
	7208360010	----Of a width of 600 mm or more but not exceeding 1,525 mm
	7208360020	----Of a width exceeding 1,525 mm but not exceeding 1,830 mm
	7208360030	----Of a width exceeding 1,830 mm but not exceeding 2,450 mm
	7208360040	----Of a width exceeding 2,450 mm

2001 HS Code		2001 Description
720837		--Of a thickness of 4.75 mm or more but not exceeding 10 mm
72083710		---For use in the manufacture of drill pipe, casing or tubing, or fittings, couplings, thread protectors or nipples therefor, for natural gas or oil wells; For use in the manufacture of separators or treaters (water, oil, gas) for installation between the wellhead assembly or surface oil pumping unit and the field marketing valve at oil or natural gas wells
	7208371010	----Of a width of 600 mm or more but not exceeding 1,525 mm
	7208371020	----Of a width exceeding 1,525 mm but not exceeding 1,830 mm
	7208371030	----Of a width exceeding 1,830 mm but not exceeding 2,450 mm
	7208371040	----Of a width exceeding 2,450 mm
72083790		---Other
	7208379010	----Of a width of 600 mm or more but not exceeding 1,525 mm
	7208379020	----Of a width exceeding 1,525 mm but not exceeding 1,830 mm
	7208379030	----Of a width exceeding 1,830 mm but not exceeding 2,450 mm
	7208379040	----Of a width exceeding 2,450 mm
720838		--Of a thickness of 3 mm or more but less than 4.75 mm
72083810		---Without indented edges, not hardened, tempered nor ground, for use in the manufacture of saws
	7208381010	----Of a width of 600 mm or more but not exceeding 1,525 mm
	7208381020	----Of a width exceeding 1,525 mm but not exceeding 1,830 mm
	7208381030	----Of a width exceeding 1,830 mm but not exceeding 2,450 mm
	7208381040	----Of a width exceeding 2,450 mm
72083890		---Other
	7208389010	----Of a width of 600 mm or more but not exceeding 1,525 mm
	7208389020	----Of a width exceeding 1,525 mm but not exceeding 1,830 mm
	7208389030	----Of a width exceeding 1,830 mm but not exceeding 2,450 mm
	7208389040	----Of a width exceeding 2,450 mm
72083900		--Of a thickness of less than 3 mm
	7208390010	----Of a width of 600 mm or more but not exceeding 1,525 mm
	7208390020	----Of a width exceeding 1,525 mm but not exceeding 1,830 mm
	7208390030	----Of a width exceeding 1,830 mm but not exceeding 2,450 mm
	7208390040	----Of a width exceeding 2,450 mm
72085300		--Other, of a thickness of 3 mm or more but less than 4.75 mm
	7208530010	----Of a width of 600 mm or more but not exceeding 1,525 mm
	7208530020	----Of a width exceeding 1,525 mm but not exceeding 1,830 mm
	7208530030	----Of a width exceeding 1,830 mm but not exceeding 2,450 mm
	7208530040	----Of a width exceeding 2,450 mm
72085400		--Other, of a thickness of less than 3 mm
	7208540010	----Of a width of 600 mm or more but not exceeding 1,525 mm
	7208540020	----Of a width exceeding 1,525 mm but not exceeding 1,830 mm
	7208540030	----Of a width exceeding 1,830 mm but not exceeding 2,450 mm
	7208540040	----Of a width exceeding 2,450 mm
7208900000		-Other
7211		Flat-rolled products of iron or non-alloy steel, of a width of less than 600 mm, not clad, plated or coated. -Not further worked than hot-rolled
72111400		--Other, of a thickness of 4.75 mm or more
	7211140090	----Other
721119		--Other
7211191000		---Without indented edges, not hardened, tempered nor ground, for use in the manufacture of saws
72111990		---Other
	7211199010	----Not in coils
	7211199090	----Other

Source: *Customs Tariff*, 1996 to 2001.

Annex 8
Companies that Responded to the Tribunal's Importers' Questionnaire - Hot-rolled Sheet and Coil

A.J. Forsyth, A Division of Russel Metals Inc.
Atlas Tube Inc.
BHP Steel Americas, Inc.
Balli Klockner Canada Limited
Barzelex Inc./Novosteel S.A.
Bohler-Uddeholm Limited
Camrose Pipe Company
Central Stampings Ltd./Falcon Tool and Die/National Auto Radiator Mfg.
Cold Metal Products Limited
Corus America Inc.
Daewoo Canada Ltd.
Dofasco Inc.
Earle M. Jorgensen (Canada) Inc.
Ferrostaal Metals Ltd.
Ford Motor Company of Canada, Limited
IMCO International Inc.
IPSCO Inc./IPSCO Ontario Inc./ IPSCO Saskatchewan Inc.
Ispat Sidbec Inc.
LTV Copperweld – Canadian Tubular Division (formerly Sonco Steel Tube)
Le Groupe Canam Manac Inc., Division Les Aciers Canam (Canada)
Macsteel International (Canada) Ltd.
Marubeni-Itochu Steel Canada Inc.
Mitsui & Co. (Canada) Ltd. – Vancouver
MontSteel Inc.
Nissho Iwai Canada Ltd.
Pollan Trade, Inc.
Russel Metals Inc.
S.K.D. Company – Milton Division
Salzgitter Trade, Inc.
Sumitomo Canada Ltd.
T. Co Metals Limited
Thyssen Canada Limited – Trading Division
TradeARBED Canada Inc.
TRW Canada Limited, Occupant Safety Systems
Usinor Canada Inc.
Welded Tube of Canada Limited
Wirth Steel, A General Partnership
World Metals Corporation

Annex 9
Companies that Responded to the Tribunal's Foreign Producers' Questionnaire - Hot-rolled Sheet and Coil

Argentina
Siderar S.A.I.C.

Australia
BHP Billiton Ltd (BHP Steel Ltd and BHP Steel (AIS) Pty Ltd)

Brazil
Companhia Siderurgica Nacional (CSN)
Usinas Siderurgicas de Minas Gerais S/A (USIMINAS)

China
China Iron and Steel Association / China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters

European Union
Aceralia Corporation Siderurgica
Bohler Bleche GmbH
Cockerill-Sambril S.A.
Companhia Siderurgica Paulista (COSIPA)
Corus Staal BV
Corus Strip Products UK and Colors UK
Edelstahl Buderus AG
Hoesch Hohenlimburg GmbH, Hot rolled narrow steel strip division)
Salzgitter AG Stahl und Technologie
SIDMAR NV
Sollac Atlantique
Sollac Lorraine
Sollac Mediterrannee
SSAB Tunnplat AB
Stahlwerke Bremen GmbH
ThyssenKrupp Stahl AG
Usinor Industeel Belgium

India
Jindal Iron and Steel
Jindal Vijaynagar Steel Ltd

Japan
Kawasaki Steel Corporation
Kobe Steel, Ltd.
Nippon Steel Corporation
Nisshin Steel Co. Ltd.
NKK Corporation
Sumitomo Metal Industries, Ltd.

Kazakhstan
OJSC Ispat Karmet

Korea
Pohang Iron & Steel Co., Ltd (POSCO)

New Zealand
BHP New Zealand Steel Limited

Romania
Combinatul Siderurgic Ispat Sidex SA Galati

Russia
JSC "MECHEL" (Chelyabinsk Integrated Iron and Steel Works of Russia)
JSC Severstal
Novolipetsk Iron & Steel Corporation (NI&SCo)

Slovakia
U.S. Steel Kosice, s.r.o. ("USSK")

South Africa
Highveld Steel and Vanadium Corporation Limited
Iscor Limited

Taiwan
China Steel Corporation
Yieh Loong Enterprise Co., Ltd.

Thailand
Nakornthai Strip Mill Public Co., Ltd.

Turkey
Eregli Iron and Steel Works Co.

Ukraine
Zaporizhstal Iron & Steel Works (Zaporizhstal JSC)

United States
AK Steel Corporation
Bethlehem Steel Corporation
Corus Tuscaloosa
Ispat Inland Inc.
National Steel Corporation
Nucor Corporation
United States Steel Corporation

Venezuela
Siderurgica del Orinoco (SIDOR) C.A.

Annex 10

Companies that Responded to the Tribunal's Market Characteristics Questionnaire - Hot-rolled Sheet and Coil

Steel Service Centres

Alliance Steel Corporation
Bohler-Uddeholm Ltd.
Concord Steel Centre Ltd.
Del Industrial Metal Inc.
Namasco Ltd.
Renown Steel
Samuel, Son & Co. Ltd.
Taylor Steel Inc.
Unalloy – IWRC
Venture Steel
Wilkinson Steel & Metals
Winston Steel Inc.
York Steel Inc.

End Users

Accuride Canada Inc.
CMRM
Camrose Pipe Company
General Motors of Canada Ltd.[1]
Le Groupe Canam Manac Inc., Division Les Aciers Canam (Canada)
LTV Copperweld-Canadian Tubular Division
Nova Steel Limited.

Note 1: For steel resale program.

Annex 11
Submissions - Hot-rolled Sheet and Coil

Participants that Filed Injury Submissions

Company

Coalition of Canadian Steel Producers

Arcelor S.A. and Usinor Canada Inc.

Balli Klockner Canada Limited

Böhler-Uddeholm AG, Edelstahl Witten-Krefeld GmbH, Böhler-Uddeholm Ltd., Thyssen Marathon Canada Ltd., Buderus Edelstahl Werke AG and Buderus Specialty Steel Corp.

Brazilian Mills (Companhia Siderúrgica Nacional (CSN), Companhia Siderúrgica Paulista (COSIPA) and Usinas Siderurgicas de Minas Gerais S.A. (USIMINAS))

Corus America Inc. and Corus Group plc

Highveld Steel and Vanadium Corporation Limited, New Zealand Steel Limited, Ferrostaal Metals Ltd., Knightsbridge International Corp., Salzgitter AG, Salzgitter Trade, Inc., Thyssen Canada Limited, Hoesch Hohenlimburg GmbH, ThyssenKrupp Electrical Steel GmbH, BHP Steel Americas, Inc., BHP Steel Ltd., TradeARBED Canada Inc., ThyssenKrupp Steel North America, Inc., ThyssenKrupp Stahl AG, Thyssen AST USA, Inc., ThyssenKrupp Electrical Steel AST S.p.A., Wirth Steel, A General Partnership, Yieh Phui Enterprise Co. Ltd., Olbert Metal Sales Limited and CCC Steel GmbH

Iscor Limited and Macsteel International (Canada) Limited

Istanbul Ferrous and Non-Ferrous Metals Exporters' Association, Borçelik Çelik Sanayii Ticaret A.S., Borusan Birlesik Boru Fabrikalari A.S., Çebi Metal Sanayi ve Ticaret A.S., Çolakoglu Metalurji A.S., Diler Iron and Steel Works Inc., Eregli Iron and Steel Works Co., HABAS Sinai ve Tibbi Gazlar Istihsal Endustrisi A.S., IÇDAS Çelik Enerji Tersane ve Ulasim Sanayii A.S. and Mannesmann Boru Endustrisi T.A.S.

Jindal Iron & Steel Company

Midland Steel Ltd.

Pohang Iron & Steel Co., Ltd. and Daewoo Canada Ltd.

Sahaviriya Steel Industries Public Company Limited

Siderar S.A.I.C.

Siderurgica del Orinoco C.A.

SSAB Tunnplåt AB

T. Co Metals Limited

U.S. Mills (AK Steel, Bethlehem Steel, Ispat Inland, National Steel and United States Steel International)

Annex 12
Witnesses - Injury Hearing - Hot-rolled Sheet and Coil

Witness	Title / Company
Domestic Producers	
Alexander (Sandy) Adam	President and Chief Executive Officer Algoma Steel Inc.
Robert W. Dionisi	General Manager Service Centre and Fabrication Sales Algoma Steel Inc.
James C. Alfano	President and Chief Executive Officer Stelco Inc.
Donald K. Belch	Director - Government Relations Stelco Inc.
Sandra L. Edrupt	General Manager Marketing Dofasco Inc.
Glenn A. Gilmore	Trade Supervisor IPSCO Inc.
Others	
John Thurlow	Regional Manager BHP Steel Americas Inc.
David F. Thomas	Vice-President and General Manager LTV Copperweld - Canadian Tubular Group
Han, Ki Ho	Trade Affairs Team Export Assistance Department Manager Pohang Iron & Steel Co., Ltd.
Lou Saunders	Corporate Vice-President Carbon Steel Purchasing Samuel, Son & Co., Limited
Mark Bortolotto	Manager TradeARBED Canada Inc.
Robert James	Senior Vice-President Thyssen Canada Limited

CHAPTER VII

COLD-ROLLED SHEET AND COIL

1. Tribunal's Determination on Increased Imports and Serious Injury

On July 4, 2002, the Tribunal determined that flat-rolled carbon and alloy steel cold-rolled sheet and coil is being imported into Canada from all sources in such increased quantities since the beginning of 1996, and under such conditions, as to be a principal cause of serious injury to domestic producers of like or directly competitive goods. It also determined that cold-rolled sheet and coil imported from the United States accounts for a substantial share of total imports of goods of the same kind and that alone it contributes importantly to the serious injury. The Tribunal has further determined that cold-rolled sheet and coil imported from each of Mexico, Israel or another CIFTA beneficiary, and Chile does not account for a substantial share of total imports of goods of the same kind and that cold-rolled sheet and coil imported from each of those countries does not contribute importantly to the serious injury. Finally, the Tribunal determined that cold-rolled sheet and coil is imported from all sources other than Mexico, Israel or another CIFTA beneficiary, and Chile, in such increased quantities and under such conditions as to be a principal cause of serious injury to domestic producers of like or directly competitive goods.

2. Product and Market

a) Product Description and Use

Flat-rolled carbon and alloy steel cold-rolled sheet and coil are the goods subject to this safeguard inquiry. The Schedule of Specified Goods in the Order indicates that the flat-rolled carbon and alloy steel cold-rolled sheet and coil subject to the inquiry excludes cold-rolled sheet that is not annealed (commercially known as "full hard" cold-rolled sheet) for metallic coating; grain-oriented electric steel sheet; aluminized steel sheet; aluminum clad sheet; and stainless grades of flat-rolled steel products.

Products of this description will be referred to throughout as cold-rolled sheet and coil.

Chapter III of this report provides the methodology used to determine the HS Codes under which the subject goods may be imported. The HS Codes and the tariff descriptions for cold-rolled sheet and coil can be found in Annex 13 to this chapter.

All cold-rolled sheet and coil is manufactured on rolling mills. The product begins as hot-rolled steel, pickled and oiled, which is further reduced in thickness by a cold-reduction process on a continuous or reversing cold-rolling mill.

Some of the common end products manufactured from cold-rolled sheet and coil include household appliances, automotive and truck parts, drums and pails, tubing and office furniture.

b) Domestic Producers

The domestic producers of cold-rolled sheet and coil are Dofasco Inc. (Dofasco), Stelco Inc. (Stelco), Ispat Sidbec Inc. (Ispat Sidbec) and Algoma Steel Inc. (Algoma). One additional small producer of cold-rolled sheet and coil was identified. Cold Metal Products Limited (CMPL), an intermediate processor of steel, purchases hot-rolled sheet and, after processing, sells it as either hot-rolled or cold-rolled sheets. CMPL has a plant facility in Hamilton, Ontario, and a steel service centre in Montréal, Quebec.

Very little cold-rolled sheet and coil is used by domestic producers for further processing. Full-hard cold-rolled steel, which is excluded from this inquiry, is the related product generally used for further processing.

Dofasco is the largest domestic producer of cold-rolled sheet and coil. Dofasco's integrated steel-making facilities are located in Hamilton, Ontario. Stelco is an integrated steel maker and the second largest producer of cold-rolled sheet products. Stelco's cold-rolling facilities are located at its Hilton Works in Hamilton, Ontario. Ispat Sidbec is the third largest producer of cold-rolled sheet products. It manufactures cold-rolled sheet and coil using steel produced by its primary operations unit in Contrecœur, Quebec. Algoma is the smallest domestic producer of cold-rolled sheet products. Algoma's facilities are located in Sault Ste. Marie, Ontario.

c) Importers

The Tribunal received 39 questionnaire replies from companies that reported having imported cold-rolled sheet and coil during the safeguard inquiry period, from 1996 to 2001. A listing of these companies can be found in Annex 14 to this chapter.

According to Statistics Canada data, the top 10 importers of cold-rolled sheet and coil during the last three years of the safeguard inquiry period, from 1999 to 2001, accounted for 37 percent of the total imports of cold-rolled sheet and coil. Of those imports, about 2 percent originated in Mexico, 49 percent in the United States and 49 percent in the rest of the world. In 2001, the five largest importers of cold-rolled sheet and coil were Automated Welding Systems Incorporated, Diesel Division of General Motors of Canada, DNN Galvanizing, T. Co Metals Limited and TRW Canada Limited.

d) Foreign Producers

The Tribunal received 63 questionnaire replies from foreign producers of cold-rolled sheet and coil. Based on replies to the Tribunal's questionnaires, the five largest foreign producers of cold-rolled sheet and coil were ARCELOR, Group LMN, Kawasaki, Nippon Steel Corporation and Pohang Iron & Steel Co. Ltd. Together, these companies accounted for more than 38 percent of the production of cold-rolled sheet and coil reported by respondents. A listing of the companies that replied to the Foreign Producers' Questionnaire can be found in Annex 15 to this chapter.

e) Users

The Tribunal received 22 questionnaire replies from various steel service centres and end users of cold-rolled sheet and coil. A listing of these companies can be found in Annex 16 to this chapter.

These respondents represented companies involved in the following industry sectors: construction, automotive, pipe and tube, tool, die and mould, tank fabrication, diesel locomotives, transportation and heavy fabrication. Various companies submitted that end-use products have exacting specifications. These end-use products include products for the automotive sector, stampings, steel drums, die-casting, and tool, die and mould applications, tubing, ball bearing drawer slides, articulated keyboard support mechanisms and motor and generator core laminations.

f) Marketing and Distribution

Domestically produced cold-rolled sheet and coil are sold to steel service centres and end users. Foreign-produced cold-rolled sheet and coil are, in large part, imported into Canada by brokers and trading companies, which, in turn, sell the goods almost exclusively to steel service centres. Steel service centres resell the sheet to end users or to other resellers. In addition to reselling the sheet, steel service centres may perform services such as slitting, cutting and holding inventory for customers. Steel service centres often buy on a spot-price basis. Sales made on a spot-price basis are discrete purchases.

The end-user market segment is highly fragmented with many purchasers. Major end-user sectors include construction, tubing, consumer and industrial packaging, and general manufacturing, as well as metal fabricators and stampers, which further process the sheet for producers of finished goods. Purchases of cold-rolled sheet and coil by end users are generally done through contractual arrangements typically lasting one year. In some instances, there are multi-year agreements. End-users also make purchases from steel service centres on a spot-price basis

3. Like or Directly Competitive Goods

The principles applicable to the analysis to determine whether products are "like or directly competitive goods" to each other are set out in Chapter IV of this report. On the basis of the evidence on the record and for the purpose of this inquiry, the Tribunal finds that domestically produced cold-rolled sheet and coil products, of the same description as the subject goods, constitute like or directly competitive goods to the subject goods.[98]

4. Determination on Domestic Producers

The collective output of Dofasco, Stelco, Ispat-Sidbec and Algoma constitutes a major proportion of the total domestic production of cold-rolled sheet and coil. The Tribunal's injury analysis has been based on the evidence relating to the above mentioned domestic producers. In this report, they are sometimes referred to as the "domestic industry".

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[98] *Transcript of Public Hearing*, Vol. 1, 14 June 2002, at 176; *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-36.02, Administrative Record, Vol. 9 at 62-70.

5. Increased Imports

Table 17 shows the volume of imports into Canada of cold-rolled sheet and coil for the years 1996 to 2001 and the volume of domestic production for the same period.

Table 17
Imports and Domestic Production

	1996	1997	1998	1999	2000	2001
Imports (tonnes)	205,233	399,848	331,714	415,094	542,509	394,164
Percent Change		95	(17)	25	31	(27)
Production (tonnes)	1,266,288	1,333,663	1,303,032	1,350,843	1,349,905	1,204,300
Percent Change		5	(2)	4	0	(11)
Imports as a Percentage of Production (%)	16	30	25	31	40	33

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-36, Administrative Record, Vol. 9 at 10; Tribunal Exhibit GC-2001-001-36B, Administrative Record, Vol. 9 at 52.8.

Parties opposing the imposition of safeguard remedies argued that the evidence shows that there were no recent, sudden, sharp and significant increases in imports into Canada of cold-rolled sheet and coil. Furthermore, they submitted that, between 2000 and 2001, imports actually decreased by 27 percent.

The Tribunal reviewed the import trends during the entire period of inquiry and determined that there was a recent, sudden, sharp and significant increase in the absolute volume of imports in 1999 and 2000 over 1998, the base year.[99] A review of Table 17 shows that, between base year 1998 and 1999, the volume of imports into Canada of cold-rolled sheet and coil from all sources increased by 25 percent. In 2000, imports increased again and were 31 percent higher than in 1999. From 1998 to 2000, imports grew by 64 percent. In 2001, imports declined by 27 percent, but remained 19 percent higher than in 1998, and 92 percent higher than in 1996. The level of imports for the first quarter of 2002 was at 116,155 tonnes, 19 percent and 127 percent higher than the levels of the same quarter for 2001 and 1998, respectively.[100]

From 1998 to 2001, the domestic industry's production of cold-rolled sheet and coil decreased by approximately 8 percent, while imports increased by approximately 19 percent. Imports as a proportion of domestic production increased from 25 percent in 1998 to 31 percent in 1999 and, subsequently, to 40 percent in 2000. In 2001, imports decreased to 33 percent of domestic production, a level which nevertheless exceeded both the 1998 and 1996 levels.

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[99] The period 1999 to 2000 was determined by the Tribunal to be a period of significantly increased imports. The period 1999 to 2001 was the period during which the Tribunal evaluated the impact of the increased imports on the domestic industry's performance. Accordingly, the Tribunal determined that the base year for comparison purposes was 1998.

[100] *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-36A, Administrative Record, Vol. 9 at 52.4.

Accordingly, the Tribunal concludes that there was a recent, sudden, sharp and significant increase in imports of cold-rolled sheet and coil in both 1999 and 2000 over 1998, the base year, both in absolute terms and relative to the domestic production of cold-rolled sheet and coil.

6. Unforeseen Developments

Having found that there were significant increases in imports in 1999 and 2000 over 1998, the Tribunal must now determine if the increased imports resulted from unforeseen developments.

The domestic industry submitted that import penetration into the Canadian market was due to a number of unforeseen developments, among them an extensive global overcapacity and overproduction in steel products, the Asian economic crisis and the collapse of certain economies in Eastern Europe. Other parties submitted that these developments were not "unforeseen" and could not be linked to the increase in imports.

The Tribunal finds that the significant increases in imports in 1999 and 2000 were due to a number of unforeseen developments. The Asian crisis and the Japanese economic slowdown occurred during the mid-to-late 1990s. Notwithstanding the downturn in their home markets, the large steel production capacities in these regions were not idled. Steel producers loaded their mills in order to sustain production and employment levels and to maintain cash flow. Because their domestic markets weakened substantially, they were forced to sell a high proportion of their production into export markets, placing pressure on U.S. producers as well.[101]

It is the view of the Tribunal that the impact of global developments was felt in the world steel market for most of the period of the inquiry. All of these developments have had major implications for global steel trade and were a significant factor leading to increased steel exports to Canada in 1999 and 2000.[102]

The impact of weakening home markets has manifested itself specifically in increased exports of cold-rolled sheet and coil to Canada from many countries at various points during the period of inquiry.[103] Imports from the People's Republic of China (China) and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu increased significantly in both 1999 and 2000. China accounted for an increase of 43,400 tonnes in 2000 over 1998, while the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu followed with an increase of 38,000 tonnes. In 2000, the Republic of Korea (Korea) led the exports from Asian countries with an increase of 48,400 tonnes over 1998. The pressure of global events on steel producers was also manifested in a substantial increase in imports from Brazil, with an increase of over 41,000 tonnes in 1999 over 1998, and a further increase of 12,000 tonnes in 2000. Similarly, following the rescission of anti-dumping measures against the United States, imports from that country in 1999 rose about 46,000 tonnes above the 1998 level and increased by a further 42,000 tonnes in 2000.

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[101] Tribunal Exhibit GC-2001-001-168.21 (single copy exhibit), Administrative Record, Vol. 1M at 196-201.

[102] Expert Report, *Canadian Steel Industry: An Economic Industry Study*, Tribunal Exhibit GC-2001-001-178.01, Administrative Record, Vol. 1C at 199, 217, 218.

[103] *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-36, Administrative Record, Vol. 9 at 12.

Accordingly, the Tribunal finds that the significant increase in imports into Canada resulted from the unforeseen world market developments relating to global steel industries, with respect to cold-rolled sheet and coil in particular.

7. Serious Injury Analysis

In determining whether serious injury has occurred, the Tribunal has examined the factors listed in Chapter IV of this report. These factors are discussed in detail below with a particular focus on developments since base year 1998, but also placing them in the context of the total period of inquiry.

a) Production, Capacity and Capacity Utilization

Table 18 shows the practical capacity and production volumes of cold-rolled sheet and coil in Canada for the period from 1996 to 2001.

Table 18
Domestic Production Indicators

	1996	**1997**	**1998**	**1999**	**2000**	**2001**
Practical Capacity (tonnes)	4,233,493	4,533,402	4,781,200	4,805,392	4,899,619	5,002,106
Cold-rolled Sheet Production (tonnes)	1,266,288	1,333,663	1,303,032	1,350,843	1,349,905	1,204,300
Percent Change		5	(2)	4	0	(11)
Capacity Utilization Rate (%)	30	29	27	28	28	24
Total Production (includes full-hard) (tonnes)	3,670,892	3,839,422	3,859,094	4,008,981	3,987,415	3,724,212
Percent Change		5	1	4	(1)	(7)
Total Capacity Utilization Rate (%)	87	85	81	83	81	74

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-36B, Administrative Record, Vol. 9 at 52.8.

The industry's total practical capacity rose every year of the period of inquiry, increasing a total of 18 percent, almost 800,000 tonnes, between 1996 and 2001. Most of this increase occurred prior to 1998.

Production of cold-rolled sheet and coil decreased by almost 62,000 tonnes, or 5 percent, over the 1996 to 2001 period. It was fairly stable from 1998 to 2000, increasing 4 percent in 1999 and remaining stable in 2000. Between 2000 and 2001, however, production fell sharply, by 11 percent, to the lowest point in the period of inquiry.

Production for export sales fluctuated somewhat over the period of inquiry, but accounted for only a small proportion of cold-rolled sheet production throughout the period. Production for export sales represented 6 percent of cold-rolled sheet production in 2001. Production for further internal consumption was minimal throughout the period.[104]

The capacity utilization rate for cold-rolled sheet and coil increased from 27 percent to 28 percent from 1998 to 1999, and remained at 28 percent in 2000. In 2001, the capacity utilization rate decreased to 24 percent, the lowest rate in the period. The total capacity utilization rate for the common equipment used to make both cold-rolled sheet subject to the inquiry and full-hard cold-rolled sheet increased from 81 percent in 1998 to 83 percent in 1999, but declined in 2000 to 81 percent and, in 2001, to 74 percent, the lowest rate in the period of inquiry.

b) Domestic Industry Market Performance Indicators

Table 19 shows the size of the Canadian market and certain market performance indicators for the domestic industry.

Table 19
Domestic Industry Market Performance Indicators

	1996	1997	1998	1999	2000	2001
Apparent Market (tonnes)	1,418,369	1,644,262	1,542,164	1,704,636	1,795,013	1,532,392
Percent Change		16	(6)	11	5	(15)
Domestic Industry Sales (tonnes)	1,213,136	1,244,414	1,210,450	1,289,542	1,252,504	1,138,228
Percent Change		3	(3)	7	(3)	(9)
Market Share (%)	86	76	78	76	70	74
Average Delivered Selling Value ($/tonne)	719	738	730	723	719	645
Percent Change		3	(1)	(1)	(1)	(10)
Inventories (tonnes)	83,014	101,471	108,361	99,174	121,770	116,117

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-36, Administrative Record, Vol. 9 at 17-19.

The total apparent market increased by 11 percent in 1999 and by a further 5 percent in 2000, then declined sharply by 15 percent to below the 1998 level.

Although the domestic market grew by over 250,000 tonnes between 1998 and 2000, domestic producers benefited only to a limited extent from this growth. Although domestic producers had a 78 percent market share in 1998, their sales increased by only 7 percent in 1999, accounting for only about half of the 162,000 tonnes of market growth. In 2000, their sales decreased by 3 percent despite the 5 percent growth of the market. In 2001, the sales of the domestic industry declined a further 9 percent to the lowest level in the period of inquiry.

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[104] *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-36B, Administrative Record, Vol. 9 at 52.8.

The domestic industry's market share declined from 78 percent in 1998 to 76 percent in 1999 and 70 percent in 2000, the lowest level in the period of inquiry. There was a slight recovery of market share in 2001, to 74 percent, but this level was still lower than the levels in both 1998 and 1996.

The domestic industry's average delivered selling value decreased by 1 percent in each of 1999 and 2000, going from $730 per tonne in 1998 to $723 per tonne in 1999 and $719 per tonne in 2000. In 2001, however, its average delivered selling value declined by a much larger amount (10 percent) to reach $645 per tonne, the lowest level in the period of inquiry.

The level of inventory held by the domestic producers during the 1998 to 2001 period was relatively stable, representing, in percentage terms, between 7.3 and 9.6 percent of domestic production.

c) Employment and Related Indicators

Table 20 provides the employment and related indicators for domestic producers of cold-rolled sheet and coil.

Table 20
Employment and Related Indicators

	1996	1997	1998	1999	2000	2001
Direct Employment	953	932	913	933	943	884
Total Employment	1,302	1,294	1,309	1,317	1,330	1,256
Hours Worked - Total Employment (000)	2,492	2,498	2,537	2,581	2,608	2,399
Productivity (tonnes/hour)	1.13	1.18	1.18	1.21	1.23	1.27
Average Hourly Wage Rate[1] ($/hour)	32	33	33	34	35	35

Note 1: Wages paid before deductions of any kind (e.g. Canada Pension Plan, Employment Insurance, union dues), including wages paid directly for overtime, holidays, vacations and sick leave.

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-36, Administrative Record, Vol. 9 at 20; Tribunal Exhibit GC-2001-001-36C, Administrative Record, Vol. 9 at 52.10.

The total number of employees increased by almost 2 percent from 1998 to 2000, then dropped in 2001 to 1,256 employees. This constitutes a decrease of more than 5 percent compared to 2000, 4 percent less than both 1998 and 1996. A similar pattern occurred in the total number of hours worked.

Productivity increased steadily over the period of inquiry. Between 1998 and 2000, the domestic industry improved its productivity by 4 percent. It continued to increase in 2001, reaching 1.27 tonnes per hour, in comparison to 1.18 tonnes per hour in 1998 and 1.13 tonnes per hour in 1996.

Average hourly wages for total employment increased by 9.4 percent, from $32 in 1996 to 1998 to $35 in 2000 to 2001.

d) Financial Performance Indicators

Table 21 shows the financial performance indicators for the domestic producers of cold-rolled sheet and coil.

Table 21
Financial Performance Indicators

	1996	1997	1998	1999	2000	2001
Net Commercial Sales Value ($/tonne)	708	727	719	713	708	636
Cost of Goods Sold ($/tonne)	578	602	621	611	609	619
Gross Margin ($/tonne)	130	125	99	102	99	16
Net Income Before Taxes ($/tonne)	61	55	24	27	13	(78)
Return on Investment (% of fixed assets)	23.4	24.3	13.8	14.6	7.7	(34.5)
Cash Flow ($000)	114,009	114,020	77,428	83,060	66,931	(46,292)

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-36, Administrative Record, Vol. 9 at 22, 24-25.

On a per tonne basis, the net commercial sales value decreased continuously from 1998 to 2001. It decreased from $719 in 1998 to $713 in 1999 (1 percent) and to $708 in 2000 (a further 1 percent). In 2001, the net commercial sales value decreased significantly by a further 10 percent, to $636, the lowest sales value in the period. The gross margin was fairly stable between 1998 and 2000 at $99 to $102 per tonne. However, a pronounced decline of $83 per tonne occurred in 2001, which resulted in a gross margin of only 16 percent of the values in 2000 and 1998, and 12 percent of the 1996 value.

Over the period, the net income per tonne trended downward overall. It increased slightly from $24 to $27 per tonne in 1999 over 1998, but, in 2000, decreased sharply to less than half the level in 1999. In 2001, the net income decreased even more sharply, by $91 per tonne, to reach a loss position of $78 per tonne, by far the worst net income position in the period of inquiry.

The return on investments as a percentage of fixed assets declined from 13.8 percent in 1998 to 7.7 percent in 2000. In 2001, the return became negative at 34.5 percent, a significant decline compared with 2000 and by far the worst return on investment for the period of inquiry. The industry's cash flow declined overall throughout the period, to become negative in 2001. It increased somewhat from $77 million to $83 million in 1999 over 1998, but decreased to $67 million in 2000 and to a loss position of $46 million in 2001, by far the worst cash flow in the period of inquiry.

Evidence on the record indicates that some domestic producers also experienced some difficulty with respect to their ability to raise capital and to ensure the availability of continued investment in facilities.[105]

The Tribunal notes that the domestic industry's production is predominantly directed towards domestic sales, with little product exported and a very minimal amount used for further internal processing. Accordingly, the financial difficulties experienced are very significant, not only in the context of production for domestic sales but also in the context of domestic production as a whole.

e) Tribunal's Conclusion on Serious Injury

On the basis of the preceding analysis of performance indicators, the Tribunal is persuaded that the domestic producers of cold-rolled sheet and coil suffered significant overall impairment and, thus, incurred serious injury. This injury took the form of a deterioration in production, capacity utilization, sales, market share, prices, gross margins, net income before taxes, cash flow position and return on investments.

8. Principal Cause of Injury

a) Increased Imports

Table 22
Apparent Market and Price Indicators

	1996	1997	1998	1999	2000	2001
Apparent Market (tonnes)	1,418,369	1,644,262	1,542,164	1,704,636	1,795,013	1,532,392
Percent Change		16	(6)	11	5	(15)
Import Market Share (%)	14	24	22	24	30	26
Domestic Market Share (%)	86	76	78	76	70	74
Average Delivered Selling Value of Imports ($/tonne)	819	785	774	741	792	783
Percent Change		(4)	(1)	(4)	7	(1)
Average Delivered Selling Value of Imports from the United States ($/tonne)	861	835	854	833	889	827
Percent Change		(3)	2	(2)	7	(7)
Average Delivered Selling Value of Imports from the Rest of the World ($/tonne)	691	732	686	623	700	621
Percent Change		6	(6)	(9)	12	(11)
Average Delivered Selling Value of Domestic Product ($/tonne)	719	738	730	723	719	645
Percent Change		3	(1)	(1)	(1)	10

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-36, Administrative Record, Vol. 9 at 17-18.

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[105] Tribunal Exhibit GC-2001-001-40.05 (protected), Administrative Record, Vol. 10.1A at 214; Tribunal Exhibit GC-2001-001-40.04 (protected), Administrative Record, Vol. 10.1A at 6.

The domestic producers of cold-rolled sheet and coil argued that the principal cause of the declining performance of the industry during the safeguard inquiry period was the penetration into the Canadian market of significant volumes of imports. The domestic producers argued that the import prices had a downward and suppressive effect on domestic prices.

The importers and foreign producers argued that increased imports were not a principal cause of injury to the domestic producers. They stated that there were other more important causes of injury to the domestic industry.

As discussed above, the volume of imports into Canada of cold-rolled sheet and coil increased by 25 percent in 1999 over 1998 and a further 31 percent in 2000. This gain resulted in imports increasing their share of the market from 22 percent in 1998 to 24 percent in 1999 and 30 percent in 2000, a total gain of 211,000 tonnes. Notwithstanding the decline in imports in 2001, imports were still at a level of 394,000 tonnes, 62,000 tonnes above the 1998 level and 92 percent above the 1996 level. Also, the ratio of imports to domestic production remained at 33 percent, the second highest level during the period. The Tribunal considers that this increase in imports in a mature market over the base year 1998 is very significant in relation to the market growth of 253,000 tonnes between 1998 and 2000, and the net market decrease of 10,000 tonnes between 1998 and 2001.

While, in 2001, the domestic producers did recover some market share, it was still 4 percentage points below what it had been in 1998, in a similar-sized market.

The Tribunal accepts the evidence that domestic producers' sales of cold-rolled sheet and coil normally consist of about 40 percent lower-priced commercial quality cold-rolled sheet and coil sold to steel service centres, about 25 percent higher-priced cold-rolled sheet and coil for the automotive market and about 35 percent of cold-rolled sheet and coil for other uses, priced in the medium range.[106] Imports from the United States normally consist of a high proportion of higher-priced cold-rolled sheet and coil for automotive use. Imports from countries other than the United States normally consist predominantly of lower-priced, commercial quality product. The respective product mixes are reflected in the fact that, over the period of inquiry, in comparison to average domestic prices, average prices for imports from the United States have been higher and average prices for imports from the rest of the world have been lower. The Tribunal accepts the evidence that, on a product-by-product basis, import prices were lower than domestic prices during the period of inquiry.[107]

Domestic producers were able to take advantage of only about half of the 162,000 tonnes of market growth experienced in 1999. This occurred despite the fact that they had a 78 percent market share in 1998 and, hence, significant market power, as well as available unused capacity. The domestic producers made a small reduction in their average sales price, but even reducing prices in a rising market was not sufficient to maintain their market position. This deterioration in market position coincided with the first year of significantly increased imports, as well as a decrease in average import prices. The Tribunal considers that low import prices contributed to this deterioration of the domestic industry's market position in 1999.

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[106] *Transcript of Public Hearing*, Vol. 1, 14 June 2002, at 26-27.

[107] Tribunal Exhibit GC-2001-40.02 (protected), Administrative Record, Vol. 10.1 at 84; Tribunal Exhibit GC-2001-40.03 (protected), Administrative Record, Vol. 10.1 at 131; Tribunal Exhibit GC-2001-40.04 (protected), Administrative Record, Vol. 10.1A at 10; Tribunal Exhibit GC-2001-40.05 (protected), Administrative Record, Vol. 10.1A at 218; Tribunal Exhibits GC-2001-43.01 to 43.33 (protected), Administrative Record, Vol. 10.2 at 3, 13, 16, 19, 22, 28, 31, 40, 46, 50, 53, 56, 61, 69, 72, 75, 78, 81, 84, 97, 100, 109, 113, 119, 122, 126, 129.

In 2000, as import volumes increased significantly for the second time in two years, the deterioration of the market position of the domestic industry was compounded. Despite the fact that the domestic industry again lowered its average prices somewhat, it lost twice as much market share as in 1999 and lost 3 percent in actual sales volume as compared to 1999. The domestic industry's financial returns also deteriorated considerably. Net income before taxes and return on investment fell to about half the 1999 level. Gross margin and cash flow also deteriorated. Although average import prices did increase in 2000, the Tribunal considers that this was likely the result of a change in product mix in imports towards higher-priced automotive product, in response to the very high level of automotive demand in the first part of the year. The Tribunal accepts the evidence that, in 2000, import prices were considered to exert downward pressure on domestic prices, on a product-by-product basis.

In 2001, despite a 263,000 tonne decline in the apparent market, imports from the United States increased by 47,000 tonnes, while imports from the rest of the world decreased by 195,000 tonnes. At the same time, the average price of U.S. imports decreased by 7 percent, to its lowest level in the period of inquiry. There was considerable testimony indicating that this dramatic shift in imports occurred because of the significant downturn in North American automotive demand that started in late 2000 and continued in 2001. In the U.S. market, this pressure was exacerbated by the serious financial difficulties experienced by a number of U.S. producers. Because U.S. product normally destined for the automotive market could not be sold in that market, the evidence indicated that U.S. imports shifted their focus to the Canadian market for commodity-grade product.

The U.S. imports succeeded in making considerable inroads into that market through significantly reduced prices. These prices further extended the increasing downward price pressures that imports had been causing in the Canadian market since 1999. The U.S. import prices were so low that they succeeded in displacing a significant quantity of the rest of the world imports.[108] Domestic producers succeeded in regaining 4 percent of the market share in 2001, despite a continued loss of sales volume, but only by reducing prices by 10 percent, to the lowest level in the period of inquiry. This, in turn, was the major cause of a severe deterioration in financial results, whereby gross margin per tonne decreased 84 percent from 2000, net income before taxes per tonne went from a profit of $13 to a loss of $78 and total net income before taxes went from a profit of $16.4 million to a loss of $89.2 million.[109]

Based on the foregoing, the Tribunal is persuaded that the increased imports were a major cause of injury to the domestic industry.

b) Other Causes of Injury

Having found that increased imports played a major role in the injury to domestic producers, the Tribunal examined other factors to determine whether the increased imports were a principal cause of serious injury to the domestic industry or whether the impact of any other factors was greater than that of the increased imports.

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[108] *Transcript of Public Hearing*, Vol. 1, 14 June 2002, at 14-15.

[109] *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-36, Administrative Record, Vol. 9 at 22.

Several parties submitted that there were factors other than the increased imports that were principal causes of injury to domestic producers. These factors are discussed below.

i) Trends in Demand and Economic Conditions

Demand for cold-rolled sheet and coil in 1999 and the early part of 2000 in Canada was strong, due to the strength of demand from the Canadian manufacturing sector, especially the automotive industry.

Towards the end of 2000 and the beginning of 2001, it became evident that demand in the automotive sector was softening and that there was a decline in overall demand for cold-rolled sheet and coil. This was evidenced by a 263,000 tonne, or 15 percent, decline in the apparent market in 2001 over 2000, which contributed to the decrease in commercial sales volumes by the domestic producers and also exacerbated the price pressures that were already being experienced in the market because of low import selling prices. Domestic producers indicated that, during this time of reduced demand, steel service centres worked down their inventories by cutting back their volume of imports and purchases at domestic mills.[110] In their view, this was evidenced by the decrease in imports witnessed in 2001. However, contrary to what was advanced by the domestic industry with respect to the lag effect of inventories,[111] the Tribunal believes that such inventory adjustments would have been achieved relatively quickly. Evidence on the record indicates that many end users tend to work on a just-in-time basis and that, generally, they lack the ability to build large inventories. Moreover, witnesses before the Tribunal stated that steel service centres would have reduced their inventories in no more than 4 months.[112]

The Tribunal is of the view that part of the injury to the domestic industry is due to the softening of the demand in late 2000 and in 2001.

ii) Domestic Producers' Ability to Supply the Market

As discussed above, the domestic industry increased capacity by almost 800,000 tonnes between 1996 and 2001. More than 70 percent of this increase occurred between 1996 and 1998.

However, as a result of the strong demand in the latter part of 1999 and into the first quarter of 2000,[113] the supply of cold-rolled sheet products became tight. The Tribunal heard testimony that, during this period, the demand was so strong that domestic suppliers had some difficulty meeting demand.[114] As a result, some steel service centres and end users were forced to turn to imports to ensure continuity of supply in this strong market, particularly in 2000, as evidenced by the peak in imports in that year. It is clear from the evidence that, during the periods when the market was strong, imports were required to meet some of the increased demand in the market. This was undisputed by the domestic industry.[115]

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[110] *Transcript of Public Hearing*, Vol. 1, 14 June 2002, at 66.
[111] *Transcript of Public Hearing*, Vol. 1, 14 June 2002, at 81.
[112] *Transcript of Public Hearing*, Vol. 1, 14 June 2002, at 130-31.
[113] *Transcript of Public Hearing*, Vol. 1, 14 June 2002, at 134.
[114] *Transcript of Public Hearing*, Vol. 1, 14 June 2002, at 133.

The record shows that one domestic producer experienced some supply difficulties during the start-up phases of its new capacity.[116] The Tribunal considers that, in some instances, this could have encouraged customers to buy imports to ensure a reliable supply. However, witnesses for the domestic industry argued that the industry, as a whole, was in a solid position to supply the market. The Tribunal is in agreement with this argument because it notes that production levels in 2000 were essentially the same as in 1999.

The Tribunal believes that, while production problems associated with the industry's increase in capacity made some contribution to the need for increased imports, the domestic industry's inability to fully supply market demand at its peak, which was confined to the latter part of 1999 and the early part of 2000, was not a significant cause of injury.

iii) Financial Difficulties of Algoma

Opposing parties submitted that financial difficulties encountered by Algoma were a significant factor contributing to the injury to the industry as a whole. The Tribunal notes that Algoma is the smallest supplier of cold-rolled sheet and coil. A review of Algoma's financial returns for 1999 to 2001 in relation to the domestic industry as a whole indicates that Algoma's financial problems, while they affected the overall industry performance, are not of sufficient magnitude to be a major cause of the serious injury.[117] Indeed, the other domestic producers accounting for the bulk of cold-rolled sheet production also suffered a major deterioration in their financial performance. Further, Algoma's financial difficulties had no impact on market prices and import volumes.

iv) Intra-industry Competition

In addition, it was argued by opposing parties that intra-industry competition was a factor contributing to injury. According to the industry, there is intra-industry competition, but it has always been part of the business and did not intensify over the years of the inquiry.[118] However, witnesses cited particular examples of intense intra-industry competition that occurred at the end of 1999 and in the summer of 2001,[119] at least part of which was price-based. The Tribunal considers that the particular instances of intra-industry competition that were cited would have made some contribution to the overall downward pressure on prices. However, in the view of the Tribunal, the evidence does not indicate that overall, in 1999 to 2001, intra-industry competition was a major factor in causing the serious injury.

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115. *Transcript of Public Hearing*, Vol. 1, 14 June 2002, at 73, 74, 77.

116. *Transcript of Public Hearing*, Vol. 1, 14 June 2002, at 62-63, 134.

117. *Protected Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-37 (protected), Administrative Record, Vol. 10 at 25, 26, 27, 28.

118. *Transcript of Public Hearing*, Vol. 1, 14 June 2002, at 67.

119. *Transcript of Public Hearing*, Vol. 1, 14 June 2002, at 156-60.

v) Increased Costs

The domestic producers' general, selling and administrative expenses increased from $62 per tonne in 1998 to $77 per tonne in 2001, the highest level in the period of inquiry. Similarly, their financial expenses increased from $12 per tonne in 1998 to $17 per tonne in 2001, the highest level in the period of inquiry.[120] These increases explain only a small part, of the decline of over $100 per tonne in net income between 1998 and 2001. In any case, the Tribunal does not consider that the magnitude of these increases in costs is sufficient to constitute a major cause of the serious injury.

c) Tribunal's Conclusion on Principal Cause

Based on the above analysis, the Tribunal is of the view that increased imports were a principal cause of the serious injury suffered by domestic producers. As discussed above, the serious injury experienced by the domestic producers occurred and increased steadily throughout the period when the significantly increased levels of imports, at low prices, were present in the market.

Although the decrease in demand for cold-rolled steel due to economic conditions was also a major factor in causing the serious injury, its impact was confined to late 2000 and 2001. At the time that the demand started to soften, the injury caused by the increased imports had already been in progress, and increasing, for a significant period of time. The Tribunal finds that it was not as important a factor as the increased imports.

Each of the other factors discussed above also contributed to the serious injury, but all of these factors were limited in impact, and none was of sufficient magnitude to be a major cause of the serious injury.

9. NAFTA and Other Free Trade Agreement Provisions

In accordance with the principles discussed in Chapter IV of this report, pursuant to the Order, and in accordance with sections 20.01, 20.02 and 20.03 of the CITT Act, the Tribunal conducted the following analysis with respect to imports from NAFTA countries, Israel or another CIFTA beneficiary, and Chile.

a) Substantial Share of Total Imports

In order to determine whether the imports of the goods from a NAFTA country, Israel or another CIFTA beneficiary, or Chile each account for a substantial share of total imports of those goods, the Tribunal analyzed import volumes of cold-rolled sheet and coil by country.

Data on imports shown in the following table show that, for the most recent three-year period, the United States was the largest supplier of cold-rolled sheet and coil to Canada, while Mexico, Israel or another CIFTA beneficiary, and Chile are not among the top five suppliers of cold-rolled sheet and coil. Accordingly, the Tribunal determines that the quantity of cold-rolled sheet and coil imported from the United States accounts for a substantial share of total imports of goods of the same kind. The Tribunal further determines that the quantity of cold-rolled sheet and coil imported from each of Mexico, Israel or another CIFTA beneficiary, and Chile does not account for a substantial share of total imports of goods of the same kind.

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[120] *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-36, Administrative Record, Vol. 9 at 22.

Table 23
Imports from the Top Five Countries
(tonnes)

	1996	1997	1998	1999	2000	2001	1999-2001
United States	154,783	203,958	174,480	220,404	262,109	309,569	792,081
Brazil	128	65	289	41,749	53,785	23,940	119,474
Korea	551	3,148	29,093	18,957	77,463	8,999	105,419
China	426	280	281	3,209	43,648	3,198	50,055
Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu	1	2	28	7,563	38,154	1,275	46,991

Note: Listed in order of total imports for the period 1999 to 2001.

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-36, Administrative Record, Vol. 9 at 11.

b) Contribution to Serious Injury

i) United States

Counsel for the U.S. mills argued that, based on the evidence, the imports from the United States were not in fact injurious, noting that the prices of U.S. imports trended above the prices of domestic products. Table 24 compares the rate of growth of imports from the United States with the rate of growth of all imports.

Table 24
Imports from the United States and Total Imports
(tonnes)

	1996	1997	1998	1999	2000	2001	Percent Change 1998-2000
United States	154,783	203,958	174,480	220,404	262,109	309,569	50.2
Total Imports	205,233	399,848	331,714	415,094	542,509	394,164	63.5

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-36, Administrative Record, Vol. 9 at 12.

The Tribunal compared the growth rate of imports from the United States to that of total imports during 1999 and 2000, the two years of significantly increased imports. In 1999, total imports increased by 25 percent over 1998 and, in 2000, total imports increased by a further 31 percent. U.S. imports increased by 26 percent in 1999 over 1998 and by a further 19 percent in 2000. Considering the total growth in imports in 1999 and 2000, total imports grew 64 percent, and U.S. imports grew 50 percent.

However, the Tribunal notes that the U.S. share of total imports was very large during the period of injury, comprising approximately half of the total imports in 1999 and 2000, and increasing dramatically to 79 percent in 2001 when the injury was greatest. The evidence did not indicate that U.S. imports failed to participate in causing the serious injury in 1999 and early 2000, and, as discussed above, the shifting of U.S. imports to the non-automotive market was a key factor in the serious injury that occurred in late 2000 and in 2001. As discussed above, the Tribunal accepts the evidence that the average U.S. import prices appear higher than domestic prices due to product mix factors, but were in fact generally lower than domestic prices on a product-by-product basis.

For the foregoing reasons, the Tribunal considered that, even though the overall growth rate of U.S. imports was appreciably less than the growth rate of total imports during 1999 and 2000, U.S. imports in fact exercised considerable influence in the market and contributed importantly to the serious injury.

ii) Mexico, Israel or Another CIFTA Beneficiary, and Chile

With respect to Mexico, the Tribunal notes that imports from Mexico into Canada, after having significantly increased in 1999, almost disappeared from the Canadian market, decreasing to about 500 tonnes in 2000 and about 30 tonnes in 2001. Imports from Mexico were not present in the market in any significant way in 2000 and 2001, the two years of most substantial injury. Therefore, the Tribunal finds that these imports did not contribute importantly to the serious injury experienced by the domestic producers.

With respect to Israel or another CIFTA beneficiary, and Chile, none of these countries was the source of any imports during the period of the significant increase in imports and, accordingly, the Tribunal finds that neither the imports from Israel or another CIFTA beneficiary, nor those from Chile contributed importantly to the serious injury.

c) Injury Caused by Imports from the Rest of the World

Given the fact that imports from Mexico were a minimal presence in the market in 2000 and 2001, the last two years of the serious injury, and the two years of most substantial injury, the Tribunal's finding that increased imports from all sources were a principal cause of serious injury is not changed by the exclusion from its determination of imports from Mexico. Similarly, given that neither imports from Israel or another CIFTA beneficiary, nor Chile were present in the market during the years of the serious injury, the Tribunal's finding that increased imports from all sources were a principal cause of serious injury is not changed by the exclusion from its determination of imports from these countries.

Therefore, the Tribunal has determined that cold-rolled sheet and coil is being imported from all sources other than Mexico, Israel or another CIFTA beneficiary, and Chile in such increased quantities and under such conditions as to be a principal cause of serious injury to domestic producers of like or directly competitive goods.

Annex 13
HS Code Descriptions – Cold-rolled Sheet and Coil

2001 HS Code		2001 Description
7209		Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, cold-rolled (cold-reduced), not clad, plated or coated.
		-In coils, not further worked than cold-rolled (cold-reduced):
72091500		--Of a thickness of 3 mm or more
	7209150010	-----Of a width of 600 mm or more but not exceeding 1,525 mm
	7209150020	-----Of a width exceeding 1,525 mm but not exceeding 2,030 mm
	7209150030	-----Of a width exceeding 2,030 mm
720916		--Of a thickness exceeding 1 mm but less than 3 mm
72091610		---Carbon steel sheet, to specification SAE J1392 980 XF, for use in the manufacture of automotive mechanical scissor jacks or handles thereof
	7209161010	-----Of a width of 600 mm or more but not exceeding 1,525 mm
	7209161020	-----Of a width exceeding 1,525 mm but not exceeding 2,030 mm
	7209161030	-----Of a width exceeding 2,030 mm
		---Other:
72091691		----Having a minimum yield point of 275 MPa
	7209169110	-----Of a width of 600 mm or more but not exceeding 1,525 mm
	7209169120	-----Of a width exceeding 1,525 mm but not exceeding 2,030 mm
	7209169130	-----Of a width exceeding 2,030 mm
72091699		----Other
	7209169910	-----Of a width of 600 mm or more but not exceeding 1,525 mm
	7209169920	-----Of a width exceeding 1,525 mm but not exceeding 2,030 mm
	7209169930	-----Of a width exceeding 2,030 mm
720917		--Of a thickness of 0.5 mm or more but not exceeding 1 mm
72091710		---Of motor lamination steel, having a maximum core loss of 9.54 W/kg/mm, measured at a frequency of 60 Hz and an induction of 1.5 T to specification ASTM A34 or A343, for use in the manufacture of magnetic core laminations
	7209171010	-----Of a width of 600 mm or more but not exceeding 1,525 mm
	7209171020	-----Of a width exceeding 1,525 mm but not exceeding 2,030 mm
	7209171030	-----Of a width exceeding 2,030 mm
		---Other:
72091791		----Having a minimum yield point of 275 MPa
	7209179110	-----Of a width of 600 mm or more but not exceeding 1,525 mm
	7209179120	-----Of a width exceeding 1,525 mm but not exceeding 2,030 mm
	7209179130	-----Of a width exceeding 2,030 mm
72091799		----Other
	7209179910	-----Of a width of 600 mm or more but not exceeding 1,525 mm
	7209179920	-----Of a width exceeding 1,525 mm but not exceeding 2,030 mm
	7209179930	-----Of a width exceeding 2,030 mm
720918		--Of a thickness of less than 0.5 mm
72091810		---Having a minimum yield point of 275 MPa, for use in the manufacture of thermionic, cold cathode or photo-cathode valves and tubes; Of motor lamination steel, having a maximum core loss of 9.54 W/kg/mm, measured at a frequency of 60 Hz and an induction of 1.5 T to specification ASTM A34 or A343, for use in the manufacture of magnetic core laminations
	7209181010	-----Of a width of 600 mm or more but not exceeding 1,525 mm
72091891		----Having a minimum yield point of 275 MPa
	7209189110	-----Of a width of 600 mm or more but not exceeding 1,525 mm
	7209189120	-----Of a width exceeding 1,525 mm but not exceeding 2,030 mm
	7209189130	-----Of a width exceeding 2,030 mm

2001 HS Code		2001 Description
72091899		---Other :
	7209189910	----Of a width of 600 mm or more but not exceeding 1,525 mm
	7209189920	----Of a width exceeding 1,525 mm but not exceeding 2,030 mm
	7209189930	----Of a width exceeding 2,030 mm
		-Not in coils, not further worked than cold-rolled (cold-reduced) :
72092500		--Of a thickness of 3 mm or more
	7209250010	----Of a width of 600 mm or more but not exceeding 1,525 mm
	7209250020	----Of a width exceeding 1,525 mm but not exceeding 2,030 mm
	7209250030	----Of a width exceeding 2,030 mm
72092600		--Of a thickness exceeding 1 mm but less than 3 mm
	7209260010	----Of a width of 600 mm or more but not exceeding 1,525 mm
	7209260020	----Of a width exceeding 1,525 mm but not exceeding 2,030 mm
	7209260030	----Of a width exceeding 2,030 mm
72092700		--Of a thickness of 0.5 mm or more but not exceeding 1 mm
	7209270010	----Of a width of 600 mm or more but not exceeding 1,525 mm
	7209270020	----Of a width exceeding 1,525 mm but not exceeding 2,030 mm
	7209270030	----Of a width exceeding 2,030 mm
72092800		--Of a thickness of less than 0.5 mm
	7209280010	----Of a width of 600 mm or more but not exceeding 1,525 mm
	7209280020	----Of a width exceeding 1,525 mm but not exceeding 2,030 mm
	7209280030	----Of a width exceeding 2,030 mm
72099000		-Other
	7209900010	----Perforated
	7209900090	----Other
7211		Flat-rolled products of iron or non-alloy steel, of a width of less than 600 mm, not clad, plated or coated.
		-Not further worked than cold-rolled (cold-reduced) :
721123		--Containing by weight less than 0.25% of carbon
7211231000		---Hardened, tempered or ground, not further manufactured than cut to shape, without indented edges, for use in the manufacture of saws; Of a thickness of less than 3 mm and having a minimum yield point of 275 MPa or of a thickness of 3 mm or more and having a minimum yield point of 355 MPa, the foregoing for use in the manufacture of: Knitting machine needles; Thermionic, cold cathode or photo-cathode valves and tubes
7211239000		---Other
721129		--Other
7211291000		---High carbon steel strip, to specification SAE 1080, hardened and tempered, polished, of a hardness of RC 45/47, with sheared edges, in coils of a weight not exceeding 1 tonne, for use in the manufacture of power trowel blades; Of a thickness of less than 3 mm and having a minimum yield point of 275 MPa or a thickness of 3 mm or more and having a minimum yield point of 355 MPa, the foregoing for use in the manufacture of: Knitting machine needles; Thermionic, cold cathode or photo-cathode valves and tubes; Without indented edges, not hardened, tempered nor ground, for use in the manufacture of saws
7211299000		---Other
721190		-Other
7211901000		---Of a thickness not exceeding 5 mm, with cutting edge on one or both sides, for use in the manufacture of cutting dies; Without indented edges, not hardened, tempered nor ground, for use in the manufacture of saws
72119090		---Other
	7211909010	----Perforated
	7211909090	----Other

2001 HS Code		2001 Description
7225		Flat-rolled products of other alloy steel, of a width of 600 mm or more.
		-Of silicon-electrical steel:
72251900		--Other
	7225190010	---Cold-rolled or cold-drawn, of a thickness not exceeding 4.75 mm
72252000		-Of high speed steel
	7225200010	---Cold-rolled or cold-drawn, of a thickness not exceeding 4.75 mm
722550		-Other, not further worked than cold-rolled (cold-reduced)
7225501000		---For use in ships, boats or floating structures
72255090		---Other
		----Of a thickness not exceeding 4.75 mm:
	7225509011	-----Tool steel
	7225509019	-----Other
		----Of thickness exceeding 4.75 mm:
	7225509021	-----Tool steel
	7225509029	-----Other
7226		Flat-rolled products of other alloy steel, of a width of less than 600 mm.
		-Of silicon-electrical steel:
72261900		--Other
	7226190010	---Cold-rolled, of a thickness not exceeding 4.75 mm
	7226190090	---Other
72262000		-Of high speed steel
	7226200010	---Cold-rolled, of a thickness not exceeding 4.75 mm
722692		--Not further worked than cold-rolled (cold-reduced)
7226921000		---The following, of a thickness not exceeding 4.75 mm: Containing 40% or more by weight of nickel and produced to specification ASTM A 75385, for use in the manufacture of laminations or cores for telecommunication transformers; For use in the manufacture of knitting machine needles
72269290		---Other
		----Of a thickness not exceeding 4.75 mm:
	7226929011	-----Tool steel
	7226929019	-----Other
		----Of a thickness exceeding 4.75 mm:
	7226929021	-----Tool steel
	7226929029	-----Other
	722699	--Other
7226991000		---Not further manufactured than cut to shape, without indented edges, not hardened, tempered nor ground, for use in the manufacture of saws; Of a thickness not exceeding 5 mm, with cutting edge on one or both sides, for use in the manufacture of cutting dies
7226999000		---Other
	7209181020	----Of a width exceeding 1,525 mm but not exceeding 2,030 mm
	7209181030	----Of a width exceeding 2,030 mm
		---Other

Source: *Customs Tariff*, 1996 to 2001.

Annex 14

Companies that Responded to the Tribunal's Importers' Questionnaire - Cold-rolled Sheet and Coil

BHP Steel Americas, Inc.
Balli Klockner Canada Limited
Barzelex Inc./Novosteel S.A.
Bohler-Uddeholm Limited
Central Stampings Ltd./Falcon Tool and Die/ National Auto Radiator Mfg.
Cold Metal Products Limited
Continuous Colour Coat Limited
Corus America Inc.
DNN Galvanizing
Daewoo Canada Ltd.
Dofasco Inc.
Dongkuk International, Inc.
Earle M. Jorgensen (Canada) Inc.
Ferrostaal Metals Ltd.
Honda of Canada Mfg.
IMCO International Inc.
Macsteel International (Canada) Ltd.
Marubeni-Itochu Steel Canada Inc.
Mitsui & Co. (Canada) Ltd. – Toronto
Mitsui & Co. (Canada) Ltd. – Vancouver
MontSteel Inc.
Nissho Iwai Canada Ltd.
Pollan Trade, Inc.
Royal Canadian Steel Inc.
Russel Metals Inc.
S.K.D. Company – Milton Division
Salzgitter Trade, Inc.
Stelco Inc.
Sumitomo Canada Ltd.
T. Co Metals Limited
Thyssen Canada Limited – Trading Division
Thyssen Krupp AST USA, Inc. (formerly Acciai Speciali Terni USA Inc.)
Thyssen Krupp Steel North America, Inc.
Toyota Motor Manufacturing Canada Inc.
TradeARBED Canada Inc.
TRW Canada Limited, Occupant Safety Systems
Usinor Canada Inc.
Welded Tube of Canada Limited
World Metals Corporation

Annex 15
Companies that Responded to the Tribunal's Foreign Producers' Questionnaire - Cold-rolled Sheet and Coil

Argentina
Siderar S.A.I.C.

Australia
BHP Billiton Ltd (BHP Steel Ltd and BHP Steel (AIS) Pty Ltd)

Brazil
Companhia Siderurgica Nacional (CSN)
Companhia Siderurgica Paulista (COSIPA)
Usinas Siderurgicas de Minas Gerais S/A (USIMINAS)

China
China Iron and Steel Association / China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters

European Union
Aceralia Corporation Siderurgica
Beautor S.A.
Cockerill-Sambril S.A.
Cogent Power Ltd
Corus Staal BV
Corus Special Strip Firsteel
Corus Special Strip Whitehead
Corus Strip Products UK and Colors UK
Eko Stahl GmbH
Edelstahl Buderus AG
Hille & Muller GmbH
La Magona D'Italia SPA
Laminoir de Dudelange S.A.
Lusosider – Aços Planos S.A
Salzgitter AG Stahl und Technologie
Sidmar NV
Sollac Atlantique
Sollac Lorraine
Sollac Mediterrannee Sollac Mediterraneo
SSAB Tunnplat AB
Stahlwerke Bremen GmbH
Surrhammars Bruks AB
Thomas Steel Strip Corp.
ThyssenKrupp Electrical Steel GmbH
ThyssenKrupp Electrical Steel AST S.p.A
ThyssenKrupp Stahl AG

India
Jindal Iron & Steel Co. Ltd.

Japan
Kawasaki Steel Corporation
Kobe Steel, Ltd.
Nippon Steel Corporation
Nisshin Steel Co. Ltd.
NKK Corporation
Sumitomo Metal Industries, Ltd.

Kazakhstan
OJSC Ispat Karmet

Korea
Hyundai Hysco
Pohang Iron & Steel Co., Ltd (POSCO)
Union Steel Manufacturing Co., Ltd

New Zealand
BHP New Zealand Steel Limited

Romania
Combinatul Siderurgic Ispat Sidex SA Galati

Russia
JSC Severstal
Novolipetsk Iron & Steel Corporation (NI&SCo)

Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu
China Steel Corporation
Sheng Uy Steel Co., Ltd.
Kao Hsing Chang Iron & Steel Corp.
Yieh Loong Enterprise Co., Ltd.

Slovakia
U.S. Steel Kosice, s.r.o. ("USSK")

South Africa
Iscor Limited

Turkey
Borcelik Celik Sanayii Ticaret A.S.
Eregli Iron and Steel Works Co.

Ukraine
Zaporizhstal Iron & Steel Works (Zaporizhstal JSC)

United States
AK Steel Corporation
Bethlehem Steel Corporation
Ispat Inland Inc.
National Steel Corporation
Nucor Corporation
United States Steel Corporation

Venezuela
Siderurgica del Orinoco (SIDOR) C.A.

Annex 16

Companies that Responded to the Tribunal's Market Characteristics Questionnaire - Cold-rolled Sheet and Coil

Steel Service Centres

Alliance Steel Corporation
Concord Steel Centre Ltd.
Namasco Ltd.
Norbel Metal Service Ltd.
Renown Steel
Samuel, Son & Co. Ltd.
Taylor Steel Inc.
Unalloy – IRWC
Venture Steel
Wilkinson Steel & Metals
Winston Steel Inc.
York Steel Inc.

Wholesalers/Distributors

Bohler-Uddeholm Ltd.
National Material Company

End Users

Camco Inc.
Delhi-Solac Inc.
General Motors of Canada Ltd.[1]
Greiff Bros. Of Canada
Le Groupe Canam Manac Inc.,
Division Les Aciers Canam (Canada)
Hammond Power Solutions Inc.
Karmax Heavy Stamping
Waterloo Furniture Components Ltd.

Note 1: For steel resale program.

Annex 17
Submissions - Cold-rolled Sheet and Coil

Participants that Filed Injury Submissions

Company

Coalition of Canadian Steel Producers

Arcelor S.A. and Usinor Canada Inc.

Balli Klockner Canada Limited

Böhler-Uddeholm AG, Edelstahl Witten-Krefeld GmbH, Böhler-Uddeholm Ltd., Thyssen Marathon Canada Ltd., Buderus Edelstahl Werke AG and Buderus Specialty Steel Corp.

Brazilian Mills (Companhia Siderúrgica Nacional (CSN), Companhia Siderúrgica Paulista (COSIPA) and Usinas Siderurgicas de Minas Gerais S.A. (USIMINAS))

China Iron and Steel Association and China Chamber of Metals, Minerals and Chemicals, Importers and Exporters

Corus America Inc. and Corus Group plc

Highveld Steel and Vanadium Corporation Limited, New Zealand Steel Limited, Ferrostaal Metals Ltd., Knightsbridge International Corp., Salzgitter AG, Salzgitter Trade, Inc., Thyssen Canada Limited, Hoesch Hohenlimburg GmbH, ThyssenKrupp Electrical Steel GmbH, BHP Steel Americas, Inc., BHP Steel Ltd., TradeARBED Canada Inc., ThyssenKrupp Steel North America, Inc., ThyssenKrupp Stahl AG, Thyssen AST USA, Inc., ThyssenKrupp Electrical Steel AST S.p.A., Wirth Steel, A General Partnership, Yieh Phui Enterprise Co. Ltd., Olbert Metal Sales Limited and CCC Steel GmbH

Iscor Limited

Istanbul Ferrous and Non-Ferrous Metals Exporters' Association, Borçelik Çelik Sanayii Ticaret A.S., Borusan Birlesik Boru Fabrikalari A.S., Çebi Metal Sanayi ve Ticaret A.S., Çolakoglu Metalurji A.S., Diler Iron and Steel Works Inc., Eregli Iron and Steel Works Co., HABAS Sinai ve Tibbi Gazlar Istihsal Endustrisi A.S., IÇDAS Çelik Enerji Tersane ve Ulasim Sanayii A.S. and Mannesmann Boru Endustrisi T.A.S.

Jindal Iron & Steel Company

Pohang Iron & Steel Co., Ltd. and Daewoo Canada Ltd.

Siderar S.A.I.C.

Siderurgica del Orinoco C.A.

SSAB Tunnplåt AB

T. Co Metals Limited

U.S. Mills (AK Steel, Bethlehem Steel, Ispat Inland, National Steel and United States Steel International)

Annex 18

Witnesses - Injury Hearing - Cold-rolled Sheet and Coil

Witness	Title / Company
Domestic Producers	
Richard Leblanc	President and Chief Executive Officer Ispat Sidbec Inc.
Christian Castonguay	Vice-President, Marketing and Sales Ispat Sidbec Inc.
Robert A. (Bob) Clark	Manager Trade and Audit Algoma Steel Inc.
Sandra L. Edrupt	General Manager Marketing Dofasco Inc.
Donald K. Belch	Director - Government Relations Stelco Inc.
Others	
Al Kingsley	Commodity Business Manager Camco Inc.
Dave Jacques	Commodity Buyer - Steel National Auto Radiator Mfg.
Robert Bellisle	Vice-President Sales Usinor Canada Inc.

CHAPTER VIII

CORROSION-RESISTANT SHEET AND COIL

1. Tribunal's Determination on Increased Imports and Serious Injury

On July 4, 2002, the Tribunal determined that flat-rolled carbon and alloy steel corrosion-resistant sheet and coil is not being imported into Canada from all sources in such increased quantities since the beginning of 1996, and under such conditions, as to be a principal cause of serious injury or threat thereof to domestic producers of like or directly competitive goods.

2. Product and Market

a) Product Description and Use

Flat-rolled carbon and alloy steel corrosion-resistant sheet and coil are the goods subject to this safeguard inquiry. The Schedule of Specified Goods in the Order indicates that the corrosion-resistant sheet and coil subject to the inquiry include corrosion-resistant steel coated with zinc, or zinc in combination with aluminum, but exclude certain proprietary grades of corrosion-resistant steel known as Tribrite, Trichrome and Triclear; aluminized steel sheet; aluminum clad sheet; and stainless grades of flat-rolled steel products.

Products of this description are referred to throughout as corrosion-resistant sheet and coil.

Chapter III of this report provides the methodology used to determine the HS Codes under which corrosion-resistant sheet and coil may be imported. The HS Codes and the tariff descriptions for corrosion-resistant sheet and coil can be found in Annex 19 to this chapter.

Corrosion-resistant sheet and coil are usually produced from cold-rolled carbon steel sheet, which is typically referred to as substrate, and, sometimes, from hot-rolled carbon steel sheet, using the hot-dip galvanizing or electrogalvanizing process. In some cases, corrosion-resistant sheet and coil are further processed into galvannealed, Galvalume® or pre-painted sheet and coil.

Corrosion-resistant sheet and coil are mainly used in two markets: the automotive market and the construction market. The automotive market generally demands a higher value-added product. In the automotive market, the products are used in the manufacture of motor vehicles, vehicle chassis, parts, accessories and accessory parts. In the construction market, corrosion-resistant sheet and coil are used in a number of applications, such as housing, light industrial, heating and ventilating. A small percentage of corrosion-resistant sheet and coil are also used in the manufacture of hardware products and appliance components.

b) Domestic Producers

The domestic producers of corrosion-resistant sheet and coil are Dofasco Inc. (Dofasco), Stelco Inc. (Stelco), DNN Galvanizing Limited Partnership (DNN), Sorevco and Continuous Colour Coat Limited (CCC).[121] In 2001, these five producers together produced over 2.4 million tonnes of corrosion-resistant sheet and coil. Of this total, 57,000 tonnes were used internally for further processing, while the balance was sold on the domestic and export markets.

Dofasco, located in Hamilton, Ontario, produces hot-dip and galvannealed corrosion-resistant sheet and coil from its own substrate on five lines, of which three are dedicated to the production of the subject goods for the automotive market. One of these three lines is the DoSol Galva Limited Partnership (DoSol Galva) line, which is operated in partnership with Arcelor S.A. (formerly Usinor Canada Inc.). The DoSol Galva line is used to manufacture products suitable for exposed and unexposed automotive applications from Dofasco's own substrate of up to 60 in. (152.4 cm) in width or from Arcelor's substrate wider than 60 in. (152.4 cm). Dofasco also owns 50 percent of the DNN line located in Windsor, Ontario. The DNN line coats, for a fee, a substrate provided by its owners, Dofasco, NKK Corporation of Japan and National Steel Corporation. Corrosion-resistant sheet and coil produced on that line are sold in the automotive market. In addition, Dofasco owns 50 percent of Sorevco, whose operations are described below.

Stelco, located in Hamilton, Ontario, produces corrosion-resistant sheet and coil from its own substrate on three lines at Hilton Works. Two of the lines employ the hot-dip galvanizing process. About 25 percent of the goods produced on those lines are sold in the automotive market and 75 percent in the construction market. The third line, known as the Z-line, produces hot-dip galvanized and galvannealed coil, mostly for the automotive market.

Sorevco, located in Côteau-du-Lac, Quebec, is a joint venture between Dofasco and Ispat Sidbec Inc. (Ispat Sidbec). Sorevco produces corrosion-resistant sheet and coil solely for the construction market on one continuous hot-dip galvanizing line. It can also manufacture galvannealed steel sheet. Sorevco purchases all its cold-rolled substrate from other steel producers, primarily its two owners, Dofasco and Ispat Sidbec.

CCC, located in Rexdale, Ontario, operates an electrogalvanizing line and a painting, printing and laminating line. CCC is a small producer of corrosion-resistant sheet products and is the only Canadian producer of electrogalvanized sheet and coil. All its production is made to order, with production being a mix of toll-coating, electrogalvanizing, painting and subcontracting slitting. CCC's customers provide the cold-rolled substrate. The company services various markets in Canada and the United States, including automotive, construction and other markets where pre-coated steel can be utilized.

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[121] Neither DNN nor CCC provided financial information for purposes of this inquiry.

c) Importers

The Tribunal received 33 questionnaire replies from companies that reported having imported corrosion-resistant sheet and coil during the safeguard inquiry period. A listing of these companies can be found in Annex 20 to this chapter.

Based on Statistics Canada data, the top 10 importers of corrosion-resistant sheet and coil during the 1999 to 2001 period accounted for 47 percent of the total imports. Of those imports, 3 percent originated in Mexico, 64 percent in the United States and 33 percent from the rest of the world. In 2001, the five largest importers of corrosion-resistant sheet and coil were General Motors of Canada Limited – Diesel Division, Honda of Canada Mfg., Marubeni-Itochu Steel Canada Inc., Toyota Motor Manufacturing Canada Inc. and Usinor Canada Inc.

d) Foreign Producers

The Tribunal received 58 questionnaire replies from foreign producers of corrosion-resistant sheet and coil. Based on replies to the Foreign Producers' Questionnaire, the five largest foreign producers of corrosion-resistant sheet and coil, in 2001, were AK Steel Corporation, Arcelor S.A., Nippon Steel Corporation, Pohang Iron & Steel Co., Ltd. (POSCO) and ThyssenKrupp Stahl AG. A listing of the companies that replied to the Foreign Producers' Questionnaire can be found in Annex 21 to this chapter.

e) Users

The Tribunal received 20 questionnaire replies from various steel service centres and end users of corrosion-resistant sheet and coil. A listing of those companies can be found in Annex 22 to this chapter.

The questionnaire respondents were companies involved in the following industry sectors: automotive, construction, pipe and tube, appliance, architectural, heating and ventilating, duct work and machinery, steel doors and door frames, de-humidification equipment, restaurant equipment, door manufacturing and general manufacturing. Various companies submitted that end-use products, such as automotive components, underbody parts and outer body panels, have exacting specifications.

f) Marketing and Distribution

Corrosion-resistant sheet and coil are sold directly from the Canadian mills, foreign mills or import trading companies to steel service centres and end users in both the automotive and construction markets. Steel service centres may, in turn, further process the steel by slitting and cutting it before selling it to smaller end users or resellers. These service centres may also supply the urgent needs of accounts that would normally purchase directly from Canadian mills.

Sales of corrosion-resistant sheet and coil are made on a spot-price basis and on a contract basis. Sales made on a spot-price basis are discrete buys on an order-by-order basis.

Sales made on a contract basis are mainly for the automotive market. For their contract business, which represents roughly between 50 percent and 65 percent of their total sales,[122] domestic mills negotiate price, volume, parts specifications and duration of the contract with their clients. These contracts can last anywhere from one to three years.

The domestic price of corrosion-resistant sheet and coil consists of a "base price", to which charges are added for a variety of technical or application specifications requested by the customer, such as grade, thickness, width and surface finish.

3. Like or Directly Competitive Goods

The principles applicable to the analysis to determine whether products are "like or directly competitive goods" are set out in Chapter IV of this report. On the basis of the evidence on the record and for purposes of this inquiry, the Tribunal finds that domestically produced corrosion-resistant sheet and coil, of the same description as the subject goods, constitute like or directly competitive goods to the subject goods.[123]

4. Determination on Domestic Producers

The collective output of Dofasco, Stelco and Sorevco constitutes a major proportion of the total domestic production of corrosion-resistant sheet and coil. The Tribunal's injury analysis has been based on the evidence relating to the above-mentioned domestic producers. In this report, they are sometimes referred to as the "domestic industry".

5. Increased Imports

Table 25 shows the volume of imports into Canada of corrosion-resistant sheet and coil for the years 1996 to 2001 and the volume of domestic production for the same period.

Table 25
Imports and Domestic Production

	1996	1997	1998	1999	2000	2001
Imports (tonnes)	266,549	359,918	360,721	598,660	554,732	408,020
Percent Change		35	0	66	(7)	(26)
Production (tonnes)	2,222,605	2,333,577	2,356,928	2,576,857	2,590,621	2,434,788
Percent Change		5	1	9	1	(6)
Imports as a Percentage of Production (%)	11.9	15.4	15.3	23.2	21.4	16.7

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-50, Administrative Record, Vol. 11 at 10, 16.

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[122] *Transcript of Public Hearing*, Vol. 1, 18 June 2002, at 42, 78-79.

[123] *Transcript of Public Hearing*, Vol. 1, 18 June 2002, at 120-23; *Pre-hearing Staff Report on Market Characteristics*, Tribunal Exhibit GC-2001-001-50.02, Administrative Record, Vol. 11 at 61-68.

Parties opposing the imposition of safeguard measures argued that, in order for the Tribunal to conclude that there is an increase in imports, that increase has to be recent, sudden, sharp and significant. It was further argued that the evidence on the record shows that there was no significant increase in imports into Canada of corrosion-resistant sheet and coil in the recent period, 2001, but rather a drastic decrease in imports of 32 percent when compared to 1999, or of 26 percent when compared to 2000.

The Tribunal reviewed the import trends during the entire period of inquiry and determined that there was a recent, sudden, sharp and significant increase in the absolute volume of imports of corrosion-resistant sheet and coil in 1999 and 2000 over 1998, the base year.[124] A review of Table 25 shows that, in absolute terms, imports into Canada of corrosion-resistant sheet and coil increased by 66 percent, in volume, in 1999 over 1998. In 2000, the volume of imports decreased by 7 percent over 1999, but was still 54 percent higher than the volume registered in 1998 and 108 percent higher than the volume in 1996. Imports in the first quarter[125] of 2002 of 112,000 tonnes were 38 percent and 16 percent lower than those in the first quarter of 2000 and 1999, respectively, but 34 percent greater than imports in the first quarter of 1998. The Tribunal finds that, on a full-year basis, the increase in imports of 238,000 tonnes between 1998 and 1999 and the increase of 194,000 tonnes between 1998 and 2000 were significant increases in imports into Canada of corrosion-resistant sheet and coil.

From 1998 to 1999, the domestic industry's production of corrosion-resistant sheet and coil increased by 9 percent, while imports grew by 66 percent. In relative terms, imports, as a percentage of domestic production, grew from 15 percent in 1998 to 23 percent in 1999. In 2000, the ratio of imports to production was very close to that of 1999, at 21 percent, or 6 percentage points higher than the ratio in 1998. In 2001, the ratio declined to 17 percent, compared to 15 percent in the 1998 base year and to 12 percent in 1996.

Accordingly, the Tribunal concludes that there was a recent, sudden, sharp and significant increase in imports of corrosion-resistant sheet and coil into Canada in 1999 and 2000 over 1998, the base year, both in absolute terms and relative to the domestic production of corrosion-resistant sheet and coil.

6. Unforeseen Developments

Having found that there was a significant increase in imports in 1999 and 2000 over 1998, the Tribunal must now determine whether the increased imports resulted from unforeseen developments.

The domestic industry submitted that import penetration into the Canadian market was due to a number of unforeseen developments, among them an extensive global overcapacity, and overproduction in steel products, the Asian economic crisis and the collapse of certain economies in Eastern Europe. Other parties submitted that these developments were not "unforeseen" and could not be linked to the increase in imports.

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[124] The period 1999 to 2001 was determined by the Tribunal to be a period of significantly increased imports and was the period during which the Tribunal evaluated the impact of the increased imports as the domestic industry's performance. Accordingly, the Tribunal determined that the base year for comparison purpose was 1998.

[125] *Pre-hearing Staff Report – Supplemental Data*, Tribunal Exhibit GC-2001-001-50A, Administrative Record, Vol. 11 at 51.4.

The Tribunal finds that the significant increase in imports in 1999 and 2000 was due to a number of unforeseen developments. The Asian crisis, the Japanese economic slowdown and the collapse of the Russian and Commonwealth of Independent States economies, with the resulting economic turmoil, weakened many economies in Asia and Eastern Europe. Notwithstanding the decline in their home markets, the large steel production capacities in these regions were not idled. Steel producers loaded their mills in order to sustain production and employment levels and maintain cash flow. Because their domestic markets weakened substantially, they were forced to sell a high proportion of their production into export markets. Furthermore, developments such as the agreement between the European Coal and Steel Community and the Government of the Russian Federation on trade in certain steel products[126] placed restraints on steel exports from Russia. The agreement, in place since 1997, has put further pressure on Russia to sell its steel in markets other than the European Union. All these developments, linked with overcapacity and overproduction, have had a global impact that spilled over into North American markets, placing pressure on U.S. producers as well.[127]

It is the view of the Tribunal that the impact of global developments was felt in the world steel market for most of the period of inquiry. All these developments have had major implications for global steel trade and were a significant factor leading to increased steel imports in 1999 and 2000.[128]

The impact of weakening home markets has manifested itself specifically in increased exports of corrosion-resistant sheet and coil to Canada from many countries at various points during the period of inquiry.[129] During the 1999 to 2000 period, Russia exported close to 110,000 tonnes of corrosion-resistant sheet and coil to Canada, where, previously, over the three-year period, 1996 to 1998, its exports to Canada totalled 40,000 tonnes. Similarly, Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu increased its exports to 85,000 tonnes during the 1999 to 2000 period from a modest base of over 18,000 tonnes in the previous 1996 to 1998 period. Malaysia shipped over 29,000 tonnes in the 1999 to 2000 period, while it had not been present in the market in previous years. Taken together, during the 1999 to 2000 period, the Asian countries accounted for an increase in imports of almost 200,000 tonnes, which corresponds to 25 percent of the total increase from all countries over 1998. Although Eastern European countries contributed less to the increase in imports in 1999-2000, Russia, alone, accounted for 11 percent of the total increase from all countries over 1998. In those same years, the pressure of global events also manifested itself in the substantial increase in U.S. imports, which rose 400,000 tonnes above the level of 1998.

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[126] Tribunal Exhibits GC-2001-001-168.23 and 168.24 (single copy exhibits), Administrative Record, Vol. 1M at 250-308.

[127] Federal Register, Presidential Documents (7 March 2002), Tribunal Exhibit GC-2001-001-168.21 (single copy exhibit), Administrative Record, Vol. 1M at 196-201.

[128] Expert Report, *Canadian Steel Industry: An Economic Industry Study*, Tribunal Exhibit GC-2001-001-178.01, Administrative Record, Vol. 1C at 199, 217, 218.

[129] *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-50, Administrative Record, Vol. 11 at 12.

Accordingly, the Tribunal finds that the significant increase in imports into Canada resulted form the unforeseen world market developments relating to global steel industries and the corrosion-resistant steel industry in particular.

7. Serious Injury Analysis

In determining whether serious injury has occurred, the Tribunal examined the factors listed in Chapter IV of this report. These factors are discussed in detail below, in the context of the total period of inquiry, with a particular focus on developments since 1998, the base year.

a) Production, Capacity and Capacity Utilization

Table 26 shows the practical capacity and production volumes of corrosion-resistant sheet and coil in Canada for the 1996 to 2001 period.

Table 26
Domestic Production Indicators

	1996	1997	1998	1999	2000	2001
Practical Capacity (tonnes)	2,503,155	2,503,155	2,507,691	2,693,663	2,843,349	2,906,853
Total Production (tonnes)	2,222,605	2,333,577	2,356,928	2,576,857	2,590,621	2,434,788
Percent Change		5	1	9	1	(6)
Capacity Utilization Rate (%)	89	93	94	96	91	84

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-50, Administrative Record, Vol. 11 at 46.

A review of the period after 1998 indicates that total practical capacity increased by close to 186,000 tonnes, or 7 percent from 1998 to 1999. In 2000, capacity increased by another 150,000 tonnes, or 6 percent, which was followed, in 2001, by an additional increase of more than 63,000 tonnes, or 2 percent. In fact, the domestic industry increased its total practical capacity from 1998 to 2001 by close to 400,000 tonnes, or 16 percent.

Total production for domestic market sales, export sales and further internal processing increased each year from 1998 to 2000 when it peaked at almost 2.6 million tonnes, an increase of 10 percent over 1998. Following its peak level in 2000, production declined by 6 percent in 2001 to 2.4 million tonnes, but still exceeded the levels in 1998, the base year, and in 1996.

Capacity utilization increased each year between 1996 and 1999, rising from 89 percent to 96 percent. In 2000 and 2001, production did not keep pace with additions to capacity. The trend reversed itself and capacity utilization decreased by 5 percentage points in 2000 over 1999 and by 7 percentage points in 2001 over 2000.

b) Domestic Industry Market Performance Indicators

Table 27 shows the performance of the domestic industry in the Canadian market during the 1996 to 2001 period.

Table 27
Domestic Industry Market Performance Indicators

	1996	1997	1998	1999	2000	2001
Apparent Market (tonnes)	2,022,855	2,261,119	2,337,327	2,729,817	2,689,135	2,443,120
Percent Change		12	3	17	(1)	(9)
Domestic Industry Sales (tonnes)	1,756,306	1,901,346	1,976,606	2,131,172	2,134,403	2,035,100
Percent Change		8	4	8	0	(5)
Market Share (%)	87	84	85	78	79	83
Average Delivered Selling Value ($/tonne)	898	930	938	929	900	844
Percent Change		4	1	(1)	(3)	(6)
Inventories (tonnes)	128,697	157,352	148,496	186,848	209,764	179,623

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-50, Administrative Record, Vol. 11 at 46.

The apparent Canadian market peaked at 2.7 million tonnes in 1999, an increase of almost 400,000 tonnes, or 17 percent, over 1998 and of over 700,000 tonnes, or 35 percent, over 1996. In 2000, the market remained relatively stable, decreasing by only 1 percent over 1999. In 2001, it shrank to 2.4 million tonnes, a decrease of 9 percent below the 2000 level.

Domestic producers took advantage of the growth in the Canadian market, registering record sales in 1999 and 2000 of roughly 2.1 million tonnes each year. Their sales fell by close to 5 percent in 2001 to just over 2.0 million tonnes in a market that shrank by 9 percent over 2000. Even during those record years of 1999 and 2000, the market share captured by the domestic producers was reduced to 78 percent and 79 percent, respectively, from the 1996 peak of 87 percent and from the 1998 level of 85 percent. In 2001, the domestic producers' market share rebounded to 83 percent.

In the peak market growth years of 1999 and 2000, given the practical capacity of domestic producers and their export sales of approximately 160,000 and 200,000 tonnes, respectively, in those two years, it is unlikely that domestic producers could have satisfied appreciably more of the market's demand than they did.

The average delivered selling values of domestic goods declined during the 1999 to 2001 period compared to 1998, the year when domestic producers were able to sell their product at its highest value of $938 per tonne. That price decreased by 1 percent to $929 per tonne in 1999, by another 3 percent to $900 per tonne in 2000 and a further 6 percent to $844 per tonne in 2001, the lowest unit price of the entire 1996 to 2001 period.

The level of inventory held by the domestic producers during the 1998 to 2001 period was relatively stable, representing, in percentage terms, between 6.3 and 8.0 percent of domestic production.

c) Employment and Related Indicators

Table 28 provides employment and related productivity indicators for the domestic producers of corrosion-resistant sheet and coil for the 1996 to 2001 period.

Table 28
Employment and Related Indicators

	1996	1997	1998	1999	2000	2001
Direct Employment	622	574	546	616	643	660
Total Employment	970	891	886	963	975	980
Hours Worked - Total Employment (000)	1,841	1,711	1,712	1,882	1,896	1,840
Productivity (tonnes/hour)	1.05	1.20	1.20	1.19	1.20	1.16
Average Hourly Wage Rate[1] ($/hour)	31	31	32	33	33	34

Note 1: Wages paid before deductions of any kind (e.g. Canada Pension Plan, Employment Insurance, union dues), including wages paid directly for overtime, holidays, vacations and sick leave.

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-50, Administrative Record, Vol. 11 at 20-21.

The total number of employees working in the corrosion-resistant sheet and coil sector of the steel industry increased steadily from 1998, the year in which the industry had the lowest number of employees, i.e. 886, to 2001, the year in which the industry employed the highest number of people, i.e. 980. This pattern was reflected in the hours worked, except for 2001, when they dropped to 1.840 million from 1.896 million in 2000.

Industry productivity was relatively stable during the 1998 to 2001 period, at about 1.2 tonnes per hour worked.

The average hourly wage rate rose gradually from an average of $32 in 1998 to $34 in 2001.

d) Financial Performance Indicators

Table 29 presents an overview of the domestic industry's financial performance during the 1996 to 2001 period.

Table 29
Financial Performance Indicators

	1996	1997	1998	1999	2000	2001
Net Commercial Sales Value ($/tonne)	893	923	936	934	904	841
Cost of Goods Sold ($/tonne)	712	735	751	712	708	706
Gross Margin ($/tonne)	182	188	184	222	196	135
Net Income Before Taxes ($/tonne)	84	85	81	115	87	26
Return on Investment[1] (% of fixed assets)	107.4	106.7	131.0	77.1	58.6	18.5
Cash Flow[1] ($000)	245,176	266,633	264,288	350,675	277,447	153,627

Note 1: Includes sales for export.

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-50, Administrative Record, Vol. 11 at 22, 24-25, 46.

In 1999, when imports increased significantly, net commercial sales value remained stable, and return on investment was lower than in 1998 or 1996, but all other financial indicators improved in comparison to 1998. Gross margin, net income before taxes and cash flow increased to their highest levels of the entire period of inquiry in 1999. Furthermore, the cost of goods sold, at $712 per tonne, was significantly lower than the 1998 level of $751 per tonne, but was still equal to the 1996 level. Had the cost of goods sold remained at the high 1998 level in 1999, gross margin, net income before taxes and cash flow would still have been at 1998 levels, approximately.

In 2000, gross margin, net income before taxes and cash flow were at their second highest levels of the period of inquiry after 1999, the year during which the market was at its peak. Nevertheless, the financial performance indicators, as shown in Table 29, with the exception of the cost of goods sold, worsened in 2000 and 2001 compared to 1999. During 2000 and 2001, domestic producers were able to remain profitable and slightly lower their unit cost of goods sold.

From 1999 to 2001, on a per-tonne basis, the net commercial sales value fell by 10 percent, the gross margin decreased by 39 percent, but remained positive at $135 per tonne, the net income before taxes fell by 77 percent, but remained positive at $26 per tonne, the return on investment as a percentage of fixed assets diminished from 77 percent in 1999 to almost 19 percent in 2001, and the cash flow position of the industry decreased from a high of $351 million to a low of $154 million. In this regard, the Tribunal heard testimony during the hearing that, when the industry starts to see a decline in its net income, it dramatically reduces its capital investment in order to preserve its cash flow.[130]

In addition to the deteriorating financial situation of the domestic producers which took place mainly in 2001, there was evidence filed by some of the domestic producers describing their difficulties in raising capital or making investments with respect to different items of expenditure during the period of inquiry.[131] However, these difficulties did not arise solely from the results reported for corrosion-resistant sheet and coil.

The Tribunal notes that the domestic industry's production is predominantly directed towards domestic sales, with little product exported and a very minimal amount used for further internal processing. Accordingly, the financial difficulties experienced are very significant, not only in the context of production for domestic sales but also in the context of domestic production as a whole.

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[130] *Transcript of Public Hearing*, Vol. 1, 18 June 2002, at 115; Tribunal Exhibits GC-2001-001-54.02A (protected) and GC-2001-001-54.03 (protected), Administrative Record, Vol. 12.1 at 64 and 80, respectively.

[131] Tribunal Exhibit GC-2001-001-54.01 (protected), Administrative Record, Vol. 12.1 at 6, 13; Tribunal Exhibit GC-2001-001-54.02A (protected), Administrative Record, Vol. 12.1 at 64; Tribunal Exhibit GC-2001-001-54.03 (protected), Administrative Record, Vol. 12.1 at 73.

e) Tribunal's Conclusion on Serious Injury

On the basis of the preceding examination of the domestic industry's performance indicators, the Tribunal finds that the domestic producers of corrosion-resistant sheet and coil did suffer significant overall impairment and, thus, incurred serious injury. This injury took the form of a decline in production and sales, a reduction in prices, gross margins and net income, a deterioration of the cash flow and a decrease in return on investments in 2001.

The Tribunal observes that most of the overall poor financial performance of the domestic industry in 2001 resulted from a decline in the average commercial sales value.

8. Principal Cause of Injury

a) Increased Imports

Table 30
Apparent Market and Price Indicators

	1996	1997	1998	1999	2000	2001
Apparent Market (tonnes)	2,022,855	2,261,119	2,337,327	2,729,817	2,689,135	2,443,120
Percent Change		12	3	17	(1)	(9)
Import Market Share (%)	13	16	15	22	21	17
Domestic Market Share (%)	87	84	85	78	79	83
Average Delivered Selling Value of Imports ($/tonne)[1]	990	957	946	903	897	870
Percent Change		(3)	(1)	(5)	(1)	(3)
Average Delivered Selling Value of Domestic Product ($/tonne)	898	930	938	929	900	844
Percent Change		4	1	(1)	(3)	(6)

Note 1: Revisions to an importer's questionnaire were taken into consideration, but had a negligible effect on average import prices.

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-50, Administrative Record, Vol. 11 at 46.

The domestic producers of corrosion-resistant sheet and coil argued that the principal cause of the serious injury that they had suffered was the penetration into the Canadian market of significantly increased imports at low prices. They further argued that, throughout the inquiry period, imports were priced close to and, in some cases, below domestic prices and that, even when average import prices were above average domestic prices, they had a downward and suppressive effect on domestic prices. The domestic producers recognized that other factors may have contributed to the serious injury that they had suffered, but submitted that they were of much less importance than the effects of increased imports.

Data in Table 30 show that imports into Canada of corrosion-resistant sheet and coil increased their share of the market from 15 percent in 1998 to 22 percent in 1999 and maintained it at roughly the same level in 2000.

In 2001, the market share of imports declined, while the market share of domestic producers increased to 83 percent, from 79 percent in 2000, approaching the level attained in 1998.

Import shipments in 2001 were 408,000 tonnes, compared to 266,500 tonnes in 1996. While the domestic market grew by over 420,000 tonnes during this period, it remains that an increase in imports of 141,500 tonnes, or 53 percent, is quite significant. Furthermore, the Tribunal notes that, during this same period, the domestic industry made considerable investments in increased capacity to better serve the market.

With respect to the impact of increased imports on prices of corrosion-resistant sheet and coil during the 1999 to 2001 period, the Tribunal notes that the average selling price of corrosion-resistant sheet and coil in the Canadian market declined during that period.

In 1999, as imports increased and the average selling price of imports declined, domestic producers reduced their prices. The average selling price of imports in the market dropped by 5 percent over 1998 to $903 per tonne, while the average selling price of domestic product declined by 1 percent to $929 per tonne.

In 2000, import shipments declined by 7 percent from their 1999 peak level and their average selling price dropped by 1 percent to $897 per tonne, while domestic producers reduced their average selling price by 3 percent to $900 per tonne.

In 2001, domestic producers dropped their average selling price of corrosion-resistant sheet and coil by 6 percent to a low of $844 per tonne. The average selling price of imports also fell, but less steeply than domestic products, by 3 percent to $870 per tonne. The average selling price of imports was above the average selling price of domestic products in every year of the safeguard inquiry period, except for 1999 and 2000.

The Tribunal considers that the average selling price of imports did cause some downward pressure on the average selling price of domestic products. However, the Tribunal notes that, compared to 1998, the average selling price of domestic products declined by only 1 percent in 1999, when import volumes increased significantly, and that, in 2000 and 2001, the average selling price of domestic products decreased at the same time as import volumes decreased.

Close to half of the domestic sales of corrosion-resistant sheet and coil are destined for the automotive market,[132] a market that is generally higher priced and certainly less susceptible to rapid price increases or decreases than the spot portion of the market. Domestic producers' pricing arrangements for steel sold for automotive end use are contractual in nature and tend to be stable for a much longer period, which is anywhere between one and three years, or the life of a vehicle part, when compared to their pricing for construction end use, which is mainly sold on the spot market.[133] Therefore, the Tribunal is of the view that the automotive portion of the market for corrosion-resistant sheet and coil is much less susceptible to injury from increased imports than is the non-automotive portion.

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[132] *Transcript of Public Hearing*, Vol. 1, 18 June 2002, at 2-4.

[133] *Transcript of Public Hearing*, Vol. 1, 18 June 2002, at 22, 42-43, 76.

Based on the above review of increased imports and their effects on the Canadian market, the Tribunal is persuaded that the increased imports in 1999 and 2000 were a cause of injury to the domestic industry.

b) Other Causes of Injury

Having found that increased imports contributed to the serious injury to the domestic industry, the Tribunal examined other factors to determine whether increased imports were a principal cause of serious injury to the domestic industry or whether the impact of any other factors on the domestic industry was greater than that of increased imports.

In its consideration of other causes, the Tribunal examined the factors discussed below.

i) Failure to Supply the Canadian Market

In 1999 and in the early part of 2000, the demand for corrosion-resistant sheet and coil was strong in the Canadian market, especially in the automotive market.[134] The Tribunal heard testimony that the demand was so strong that domestic suppliers had some difficulty meeting demand on a timely basis in both the automotive and construction markets. In some cases, supply was so tight that domestic producers even restricted order intakes from their long-standing customers.[135]

In response to the strong demand in the Canadian economy, the domestic industry increased its capacity by close to 400,000 tonnes, or 16 percent, between 1998 and 2001. In 1999 and 2000, Dofasco completed the construction of its DoSol Galva line and Stelco upgraded its four-stand cold mill. During the ramp-up period of these new lines, the domestic industry had some quality problems and produced a higher-than-normal level of second quality products, between 7 and 10 percent, compared to the more usual level of 5 percent or less, which affected its ability to supply the Canadian market, especially the automotive market.[136] The increased volume of seconds also depressed the average delivered selling price.[137] The added capacity became fully operational only after the market started to slow down in late 2000.

During the 1999-2000 peak period, the overall capacity utilization rate was at, or close to, its maximum, ranging between 91 and 96 percent, before it started to decline in late 2000 and the first half of 2001. [138] Even with the added capacity, used at close to maximum utilization rates, domestic producers could not supply the entire market. This created a product shortage in the Canadian market and forced domestic producers' customers to turn to imports as a supplementary source of supply.[139]

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[134] *Transcript of Public Hearing*, Vol. 1, 18 June 2002, at 6-8.

[135] Submission related to injury filed by Arcelor S.A. and Usinor Canada Inc., witness statement of Mr. R. Bellisle of Usinor Canada Inc., at Tab D, Tribunal Exhibit GC-2001-001-430.17, Administrative Record, Vol. 11.5D.

[136] *Transcript of Public Hearing*, Vol. 1, 18 June 2002, at 38, 41-42, 98-100.

[137] *Protected Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-51 (protected), Administrative Record, Vol. 12 at 15; Tribunal Exhibit GC-2001-001-54.03 (protected), Administrative Record, Vol. 12.1 at 101; *Certain Corrosion-resistant Steel Sheet* (3 July 2001), Inquiry No. NQ-2000-008 at 16-17 (CITT).

The Tribunal considers that the inability of the domestic producers to respond fully to demand during the period of peak demand contributed to their serious injury, by encouraging some long-standing customers to turn to imports.

ii) Decrease in Demand

The Canadian automotive market started to soften in late 2000 and 2001.[140] Given that the automotive market accounts for roughly half of domestic sales of corrosion-resistant sheet and coil, this had a major effect on domestic producers. This downturn in business activity in the Canadian market was exacerbated by the disproportionate dependence on automotive production – the number of automobiles produced in Canada is roughly twice that sold in the domestic market – and by the fact that much of the corrosion-resistant sheet and coil used to produce automobiles in Canada is purchased in Canada.[141] As the automotive demand for corrosion-resistant sheet and coil started to decline, some domestic producers could not continue selling their higher value-added products into the automotive market at customary levels and attempted to replace their lost automotive business with service-centre, construction-type business.[142] Sales in the construction market were more vulnerable to pricing pressures because, unlike automotive sales, they were made mainly on a spot basis rather than on a contract basis.[143]

Towards the end of 2000, as a result of these pressures, domestic producers began to price much more aggressively in an attempt to keep their facilities full and maintain sales volume.[144] Import prices were also reduced, but by a smaller margin. These factors fuelled the downward trend of prices.

In 2001, the construction market also experienced a downturn.[145] This softening of the construction market fuelled even more the price pressure on sales of corrosion-resistant sheet and coil. The combined decline in the automotive and construction markets caused the Canadian market to fall to 2.4 million tonnes in 2001, a drop of close to 300,000 tonnes from its 1999 peak. The domestic producers' average selling price declined by $56 per tonne in 2001 compared to 2000. By reducing prices, the domestic industry was able to somewhat insulate itself from the construction market decline and minimize the reduction of its sales to only

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[138] *Transcript of Public Hearing*, Vol. 1, 18 June 2002, at 9, 30.
[139] *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-50, Administrative Record, Vol. 11 at 16, 17.
[140] *Transcript of Public Hearing*, Vol. 1, 18 June 2002, at 9, 25, 33, 42-43.
[141] *Transcript of Public Hearing*, Vol. 1, 18 June 2002, at 68-71.
[142] *Transcript of Public Hearing*, Vol. 1, 18 June 2002, at 76.
[143] *Transcript of Public Hearing*, Vol. 1, 18 June 2002, at 96.
[144] *Transcript of Public Hearing*, Vol. 1, 18 June 2002, at 33.
[145] *Transcript of Public Hearing*, Vol. 1, 18 June 2002, at 11.

100,000 tonnes. By doing so, the domestic industry was attempting to maintain its capacity utilization and retain its profitability.

The price-cutting measures undertaken by domestic producers in the latter part of 2000 and in 2001 enabled them to minimize the reduction in their sales volumes in a declining market. Domestic producers increased their market share from 79 percent in 2000 to 83 percent in 2001. These market gains, however, came at a high price, as both gross margins and net income before taxes declined sharply. Producers' gross margins declined from $196 per tonne in 2000 to $135 per tonne in 2001. Net income before taxes also dropped dramatically from $87 per tonne in 2000 to $26 per tonne in 2001.

Therefore, the Tribunal concludes that the deterioration of the market in late 2000 and in 2001 was a major factor contributing to the serious injury suffered by the domestic industry.

iii) Competition Among Domestic Producers

Evidence before the Tribunal indicates that there was aggressive competition in Canada among domestic producers of corrosion-resistant sheet and coil, as they attempted to maintain individual market share and retain profitability. Larger inventories held for a longer than usual period of time led to more competition among domestic producers and lower prices in the Canadian market. Furthermore, evidence indicates that the sale of an increased amount of second quality products by Stelco added to the downward pressure on average delivered selling values and, consequently, fuelled the intra-industry competition already at play in the market.[146]

Therefore, the Tribunal concludes that intra-industry competition contributed to the serious injury experienced by the domestic industry.

c) Tribunal's Conclusion on Principal Cause

Based on the above analysis, the Tribunal is of the view that increased imports, while they contributed to the injury, were not a principal cause of serious injury. It is the Tribunal's opinion that the most important determining factor of the injury was the precipitous decline in demand for corrosion-resistant sheet and coil, as discussed above.

In 1999, the domestic market experienced both a significant increase in imports and a peak in demand. During that year, despite the increase in imports and the fact that the average selling price of imports was lower than the average selling price of domestic products, the domestic industry experienced its best returns of the period of inquiry. The level of imports remained high in 2000, and market demand remained strong for most of the year. During 2000, despite the high level of imports, the domestic industry experienced the second best returns of the period of inquiry. The good returns in 1999 and 2000 are not surprising, given that automotive demand, which was strong in 1999 and most of 2000, accounts for about half of the domestic industry's sales and is largely insulated from the price effects of imports, at least in the short run.

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[146] *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-50, Administrative Record, Vol. 11 at 46; Tribunal Exhibit GC-2001-001-54.03 (protected), Administrative Record, Vol. 12.1 at 101, 105, 119; *Certain Corrosion-resistant Steel Sheet* (3 July 2001), Inquiry No. NQ-2000-008 at 16-17 (CITT).

It was not until 2001, a year in which imports decreased sharply, that the returns of the domestic industry showed signs of serious injury, mainly as a result of a significant decline in demand.

9. Threat of Serious Injury

Since the Tribunal has determined that the increased imports were not a principal cause of serious injury to the domestic producers of corrosion-resistant sheet and coil, it must determine whether there is a threat of serious injury caused by the increase in imports.

Looking at 2002, there is evidence that both the Canadian and U.S. economies are showing signs of improvement, notably in the automotive sector. It is apparent that these improvements are better than had been forecasted.[147] Evidence on the record shows that the recent strength demonstrated in the Canadian economy is expected to continue on a slow but steady upward trend. The automotive industry in Canada is showing significant growth numbers in the first quarter of 2002.[148] As well, residential construction has been fairly strong and appliance sales fairly normal.[149]

Canadian mills have been able to initiate a number of price increases. In their spot-market business, which represents approximately between 35 and 50 percent of their sales, some domestic producers increased their unit prices by up to $160 per tonne, enabling them to bring their published spot-market prices back to the peak levels of 1998. In their contractual business, which represents between 50 and 65 percent of their sales, domestic producers are negotiating with their customers some modest price increases from a base price that was already higher than the spot-market price. [150]

Sales of corrosion-resistant sheet and coil have begun to increase. In the first five months of 2002, Dofasco was able to increase its shipments of corrosion-resistant sheet and coil by 10 percent, Stelco also increased its shipments by 10 percent, while Sorevco's shipments were up by 19 percent.[151]

With this sudden and somewhat unexpected turn of events, the supply of corrosion-resistant sheet and coil became tight. The supply picture in the market changed dramatically in the first five months of 2002, to the point where users were having difficulty obtaining their requirements of corrosion-resistant sheet and coil. Delivery times were extended from a traditional 4-to-6-week lead time to a 10-to-15-week lead time in some cases.[152] Testimony of witnesses, including domestic producers, importers and users of corrosion-resistant sheet and coil, confirmed this situation. The fear of shortages in the first half of 2002 gave rise to increased purchases by service centres and users, as they expect demand in Canada to remain strong and supply tight.[153] In response to this tightening of the market, Canadian mills were supplying their long-time customers first and even putting some of them on allocation or "controlled order intake".[154] In some other cases, long-standing contract customers of domestic producers had to turn to the spot market or even the import market to obtain corrosion-resistant sheet and coil for their growing business.[155]

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[147] *Transcript of Public Hearing*, Vol. 1, 18 June 2002, at 49, 54.

[148] *Transcript of Public Hearing*, Vol. 1, 18 June 2002, at 58-60, 101, 138.

[149] *Transcript of Public Hearing*, Vol. 1, 18 June 2002, at 54.

[150] *Transcript of Public Hearing*, Vol. 1, 18 June 2002, at 50, 55, 78-79.

[151] *Transcript of Public Hearing*, Vol. 1, 18 June 2002, at 57-58, 61, 101.

[152] *Transcript of Public Hearing*, Vol. 1, 18 June 2002, at 56-57, 60, 62.

The Tribunal also heard testimony that there are both current and anticipated shortages of corrosion-resistant sheet and coil resulting from the effects of the initiation of the safeguard action in Canada, the U.S. safeguard measures and the potential labour disruptions at Stelco this summer.[156]

Looking outside of Canada and the United States, evidence on the record shows that the world steel markets are strengthening. World demand for corrosion-resistant sheet and coil is growing. The recent strength demonstrated in the world market economies is expected to continue at a slow but steady upward trend.[157]

Based on the foregoing evidence, the Tribunal concludes that the decreased demand for corrosion-resistant sheet and coil, which was the main cause of serious injury, is reversing itself. Thus, current market conditions do not suggest that there is a risk of serious injury due to the high level of imports.

However, the Tribunal needs to consider whether there is evidence that the current volume of imports is likely to increase further in the near future to the extent that, at an augmented volume, imports are likely to become a principal cause of serious injury. In considering this issue, the Tribunal is mindful that a determination of threat is to be based on "facts" and not on "conjecture".[158]

Currently, world steel prices, whether they are for semi-finished products or rolled products, are increasing substantially. This is a result of strengthening world market demand. There is evidence that the economies in Asia and Europe are growing. As a result, foreign producers of steel in offshore markets are now focusing their sales efforts in markets closer to home. Witnesses stated that, as a result of the increasing demand in their home markets, the availability of steel for export markets is becoming tight. The Tribunal heard that it has been very difficult to find foreign steel mills interested in offering corrosion-resistant sheet and coil to the Canadian market recently because their domestic demand is strong and they have sales commitments in their own part of the world.[159]

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[153] *Transcript of Public Hearing*, Vol. 1, 18 June 2002, at 138-140.

[154] *Transcript of Public Hearing*, Vol. 1, 18 June 2002, at 56-57, 62, 83-84, 135.

[155] *Transcript of Public Hearing*, Vol. 1, 18 June 2002, at 97, 108, 135-36.

[156] *Transcript of Public Hearing*, Vol. 1, 18 June 2002, at 62-63, 133-37, 139-40.

[157] *Transcript of Public Hearing*, Vol. 1, 18 June 2002, at 130-31, 144; Submission related to injury filed by Arcelor S.A. and Usinor Canada Inc. at Tabs 3, 8-13 in Part C, Tribunal Exhibit GC-2001-001-430.17, Administrative Record, Vol. 11.5D.

[158] *United States Safeguard Measures on Imports of Fresh, Chilled or Frozen Lamb Meat from New Zealand and Australia*, WT/D5177/AB/R (21 December 2000).

In addition, the Tribunal attempted to assess the current and likely future impact on imports of the U.S. section 201 safeguard measures. In response to questions by the Tribunal, industry witnesses were unable to demonstrate that there had been any actual diversions into the Canadian market as a result of the U.S. safeguard action. However, they argued that the increased imports into the Canadian market in the first five months of 2002, relative to same period in 2001, was a demonstration of the diversionary impact of the U.S. measures. Rather, the Tribunal believes that these increases are in response to the better than expected recovery in the automotive market and an overall tightening of the supply situation.

Indeed, despite the fact that the United States implemented safeguard measures, imports continue to enter the U.S. market. Prices have increased in that market by more than 40 percent in 2002. These price increases have been so dramatic that, even after paying a 30-percent tariff, imports continue to supply the increasing demand in the United States. Furthermore, the number of exclusions granted by U.S. authorities for certain products, in addition to the exclusions for developing countries, minimizes the potential for diversion.[160]

Thus, the evidence on the record does not lead to the conclusion that the diversion of imports of corrosion-resistant sheet and coil originally destined for the United States is occurring now or is imminent.

Furthermore, the Tribunal observes that anti-dumping findings[161] in Canada, which apply to corrosion-resistant steel for non-automotive end use, will be in place until at least 2004 for five exporting countries. These countries are Brazil, Germany, Japan, South Korea and the United States. These findings discourage participation in the market. In addition, this anti-dumping protection makes the diversion into Canada of some product originally destined for the United States less likely.

Accordingly, the Tribunal concludes that the facts on the record do not support the conclusion that the current high volume of imports is likely to increase significantly in the near future.

Based on the above review of the evidence, the Tribunal finds that the facts do not support the conclusion that the increased imports are a principal cause of threat of serious injury to the domestic producers of corrosion-resistant sheet and coil.

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[159] *Transcript of Public Hearing*, Vol. 1, 18 June 2002, at 141-42, 144-46.

[160] Submission related to injury filed by Arcelor S.A. and Usinor Canada Inc., witness statement of Mr. Alain Le Grix on behalf of Usinor Steel Corporation at para. 6, 8, 10, Tribunal Exhibit GC-2001-001-430.17, Administrative Record, Vol. 11.5D.

[161] *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-50, Administrative Record, Vol. 11 at 9.

Annex 19
HS Code Descriptions – Corrosion-resistant Sheet and Coil

2001 HS Code		2001 Description
7210		Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated or coated.
		-Plated or coated with tin:
7210300000		-Electrolytically plated or coated with zinc
		-Otherwise plated or coated with zinc:
7210410000		–Corrugated
72104900		–Other
	7210490010	——Of a thickness not exceeding 0.5 mm
	7210490020	——Of a thickness exceeding 0.5 mm but not exceeding 1 mm
	7210490030	——Of a thickness exceeding 1 mm
		-Plated or coated with aluminum;
7210610000		–Plated or coated with aluminium-zinc alloys
7210700000		-Painted, varnished or coated with plastics
72109000		-Other
		——Of a thickness exceeding 4.75 mm, clad, plated or coated with other base metals:
	7210900029	———Other
	7210900090	——Other, including with vitreous enamel
7212		Flat-rolled products of iron or non-alloy steel, of a width of less than 600 mm, clad, plated or coated.
7212200000		-Electrolytically plated or coated with zinc
7212300000		-Otherwise plated or coated with zinc
7212400000		-Painted, varnished or coated with plastics
721250		-Otherwise plated or coated
72125090		—Other
		——Of a thickness not exceeding 4.75 mm, plated or coated with other base metals:
	7212509014	———With zinc-aluminum
	7212509019	———Other
	7212509090	——Other
721260		-Clad
7212601000		—For use in ships, boats or floating structures
72126090		—Other
	7212609090	——Other
7225		Flat-rolled products of other alloy steel, of a width of 600 mm or more.
		-Other:
7225910000		–Electrolytically plated or coated with zinc
7225920000		–Otherwise plated or coated with zinc
72259900		–Other
	7225990010	——Plated or coated with aluminum
	7225990090	——Other
7226		Flat-rolled products of other alloy steel, of a width of less than 600 mm.
7226930000		–Electrolytically plated or coated with zinc
7226940000		–Otherwise plated or coated with zinc

Source: *Customs Tariff*, 1996 to 2001.

Annex 20

Companies that Responded to the Tribunal's Importers' Questionnaire - Corrosion-resistant Sheet and Coil

BHP Steel Americas, Inc.

Barzelex Inc./Novosteel S.A.

Central Stampings Ltd./Falcon Tool and Die/National Auto Radiator Mfg.

Continuous Colour Coat Limited

Corus America Inc.

Dofasco Inc.

Dongkuk International, Inc.

Earle M. Jorgensen (Canada) Inc.

Ferrostaal Metals Ltd.

Ford Motor Company of Canada, Limited

Helton Industries Ltd.

Honda of Canada Mfg.

Knightsbridge International Corp.

Le Groupe Canam Manac Inc.,
Division Les Aciers Canam (Canada)

Macsteel International (Canada) Ltd.

Marubeni-Itochu Steel Canada Inc.

Mitsubishi International Steel Inc.

Mitsui & Co. (Canada) Ltd. – Toronto

Mitsui & Co. (Canada) Ltd. – Vancouver

Mitsui & Co. (USA), Inc.

Nissho Iwai Canada Ltd.

Royal Canadian Steel Inc.

Russel Metals Inc.

S.K.D. Company – Milton Division

Salzgitter Trade, Inc.

Stelco Inc.

Sumitomo Canada Ltd.

Thyssen Canada Limited – Trading Division

ThyssenKrupp Steel North America, Inc.

Toyota Motor Manufacturing Canada Inc.

TradeARBED Canada Inc.

Usinor Canada Inc.

Wirth Steel, A General Partnership

Annex 21
Companies that Responded to the Tribunal's Foreign Producers' Questionnaire - Corrosion-resistant Sheet and Coil

Argentina
Siderar S.A.I.C.

Australia
BHP Billiton Ltd (BHP Steel Ltd and BHP Steel (AIS) Pty Ltd)

Brazil
Companhia Siderurgica Nacional (CSN)
Usinas Siderurgicas de Minas Gerais S/A (USIMINAS)

European Union
Aceralia Corporation Siderurgica
Beautor S.A.
Cockerill-Sambril S.A.
Corus Staal BV
Corus Strip Products UK and Colors UK
Eko Stahl GmbH
Galvalange S.à r.l.
Haironville S.A.
Hille & Muller GmbH
La Magona D'Italia SPA
Laminoir de Dudelange S.A.
Lusosider – Aços Planos S.A.
Salzgitter AG Stahl und Technologie
SIDMAR NV
Sollac Atlantique
Sollac Lorraine
Sollac Mediterraneo
SSAB Tunnplat AB
Stahlwerke Bremen GmbH
Thomas Steel Strip Corp.
ThyssenKrupp Stahl AG
Trierer Walzwerk GmbH

India
Jindal Iron & Steel Co., Ltd.

Japan
Kawasaki Steel Corporation
Kobe Steel, Ltd.
Nippon Steel Corporation
Nisshin Steel Co. Ltd.
NKK Corporation
Sumitomo Metal Industries, Ltd.

Kazakhstan
OJSC Ispat Karmet

Korea
Hyundai Hysco
Pohang Iron & Steel Co., Ltd. (POSCO)
SeAH Steel Corporation
Union Steel Manufacturing Co., Ltd

New Zealand
BHP New Zealand Steel Limited
Pacific Coilcoaters (Business Unit of Fletcher Steel Limited)

People's Republic of China
China Iron and Steel Association / China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters

Republic of South Africa
Iscor Limited

Romania
Combinatul Siderurgic Ispat Sidex SA Galati

Russia
JSC Severstal
Novolipetsk Iron & Steel Corporation (NI&SCo)

Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu
China Steel Corporation
Sheng Uy Steel Co., Ltd.
Yieh Loong Enterprise Co., Ltd.
Yieh Phui Enterprise Co., Ltd.

Slovakia
U.S. Steel Kosice, s.r.o. (USSK)

Ukraine
Zaporizhstal Iron & Steel Works (Zaporizhstal JSC)

United States
AK Steel Corporation
Bethlehem Steel Corporation
Ispat Inland Inc.
National Steel Corporation
Nucor Corporation
Pro-Tec Coating Company
United States Steel Corporation

Annex 22

Companies that Responded to the Tribunal's Market Characteristics Questionnaire - Corrosion-resistant Sheet and Coil

Steel Service Centres

Alliance Steel Corporation
Concord Steel Centre Ltd.
Gatsteel Industries Inc.
Ideal Roofing Company Ltd.
Namasco Ltd.
Samuel, Son & Co. Ltd.
Taylor Steel Inc.
Unalloy – IRWC
Wilkinson Steel & Metals
Winston Steel Inc.
York Steel Inc.

End Users

Atlantic Industries Ltd.
Build A Mould Ltd.
Camco Inc.
Corus Metal Profiles
Daimler-Chrysler Canada
General Motors of Canada Ltd.[1]
Le Groupe Canam Manac Inc., Division Les Aciers Canam (Canada)
Honda of Canada Manufacturing
Karmax Heavy Stamping

Note 1: For steel resale program.

Annex 23
Submissions - Corrosion-resistant Sheet and Coil

Participants that Filed Injury Submissions

Company

Coalition of Canadian Steel Producers

Arcelor S.A. and Usinor Canada Inc.

Balli Klockner Canada Limited

Brazilian Mills (Companhia Siderúrgica Nacional (CSN) and Usinas Siderurgicas de Minas Gerais S.A. (USIMINAS))

Corus America Inc. and Corus Group plc

Highveld Steel and Vanadium Corporation Limited, New Zealand Steel Limited, Ferrostaal Metals Ltd., Knightsbridge International Corp., Salzgitter AG, Salzgitter Trade, Inc., Thyssen Canada Limited, Hoesch Hohenlimburg GmbH, ThyssenKrupp Electrical Steel GmbH, BHP Steel Americas, Inc., BHP Steel Ltd., TradeARBED Canada Inc., ThyssenKrupp Steel North America, Inc., ThyssenKrupp Stahl AG, Thyssen AST USA, Inc., ThyssenKrupp Electrical Steel AST S.p.A., Wirth Steel, A General Partnership, Yieh Phui Enterprise Co. Ltd., Olbert Metal Sales Limited and CCC Steel GmbH

Iscor Limited and Macsteel International (Canada) Limited

Jindal Iron & Steel Company

Knightsbridge International Corp.

Marubeni-Itochu Steel Canada Inc.

Pohang Iron & Steel Co., Ltd. and Daewoo Canada Ltd.

Sheng Yu Steel Co., Ltd.

Siderar S.A.I.C.

SSAB Tunnplåt AB

U.S. Mills (AK Steel, Bethlehem Steel, Ispat Inland, National Steel, Pro-Tec and United States Steel International)

Annex 24
Witnesses - Injury Hearing - Corrosion-resistant Sheet and Coil

Witness	Title / Company
Domestic Producers	
John T. Mayberry	Chair of the Board and Chief Executive Officer Dofasco Inc.
Sandra L. Edrupt	General Manager Marketing Dofasco Inc.
Jack Nadeau	President Sorevco Inc.
Donald K. Belch	Director - Government Relations Stelco Inc.
Others	
B.A. (Beverley) Snyder	Worldwide Purchasing Purchasing Manager Metallic and GM Steel Resale General Motors of Canada Limited
René Laplante	President and Chief Executive Officer Ideal Roofing Company Ltd. Manufacturers
Atsushi (Allan) Ide	General Manager Marubeni-Itochu Steel Canada Inc.
Fabrice Turlotte	Market Manager Sollac Atlantique Usinor Group
Frank Becker	Trading Department Thyssen Canada Limited
Rodrigo César de Freitas	General Export Manager USIMINAS

CHAPTER IX

HOT-ROLLED BARS

1. Tribunal's Determination on Increased Imports and Serious Injury

On July 4, 2002, the Tribunal determined that carbon and alloy hot-rolled steel bars are not being imported into Canada from all sources in such increased quantities since the beginning of 1996, and under such conditions, as to be a principal cause of serious injury or threat thereof to domestic producers of like or directly competitive goods.

2. Product and Market

a) Product Description and Use

Carbon and alloy steel hot-rolled bars are the goods subject to this safeguard inquiry. The Schedule of Specified Goods in the Order indicates that the hot-rolled bars subject to the inquiry include alloy tool and mould steel bars, both hot- and cold-finished. It excludes "leaded" grades of hot-rolled bars and stainless grades of long steel products.

Products of this description are referred to throughout as hot-rolled bars.

Chapter III of this report provides the methodology used to determine the HS Codes under which the subject goods may be imported. The HS Codes and the tariff descriptions for hot-rolled bars can be found in Annex 25 to this chapter.

In the manufacture of hot-rolled bars, a billet is reheated, then passed through a set of grooved rolls to produce the desired bar, which is then cut into straight lengths. It is inspected, bundled and shipped. Hot-rolled bars encompass a wide range of products, including merchant bars and special bar quality (SBQ) steel bars. Different thicknesses and specifications have different end uses. Hot-rolled bars are used in automotive equipment, construction and industrial applications.

b) Domestic Producers

The domestic producers of hot-rolled bars are Stelco Inc. (Stelco), Ispat Sidbec Inc. (Ispat Sidbec), Slater Steel Inc. (Slater), Gerdau Courtice Steel Inc. (Gerdau Courtice), Gerdau MRM Steel Inc. (Gerdau MRM) and Co-Steel Lasco (Co-Steel). In 2001, these six firms together produced approximately 1.3 million tonnes of hot-rolled bars. Of this volume, 775,000 tonnes were sold on the domestic market, and 572,000 tonnes were sold on the export market.

Stelco produces hot-rolled bars at its Hilton Works in Hamilton, Ontario, where it also produces hot-rolled, cold-rolled and coated sheet, plate, and other bars and rods. Stelco also has two subsidiaries that produce both hot-rolled bars and reinforcing bars. These are Stelco-McMaster in Contrecœur, Quebec, and AltaSteel in Edmonton, Alberta. In 2001, AltaSteel completed the installation and commissioning of a $23 million bar mill expansion.

Ispat Sidbec produces hot-rolled bars and reinforcing bars cut to length at its bar mill in Longueuil, Quebec. It also produces hot-rolled bars and reinforcing bars in coils at Contrecœur, Quebec, and these goods are marketed/sold by the Longueuil plant.

Slater acquired Atlas Specialty Steels of Welland, Ontario, in August 2000. This plant produces hot-rolled bars, cold-drawn and finished bars and rods and other products. Slater has another plant in Hamilton, Ontario, where it produces SBQ bars, reinforcing bars and other products.

Gerdau Courtice of Cambridge, Ontario, and Gerdau MRM of Selkirk, Manitoba, produce hot-rolled bars at their respective locations. They are both owned by Gerdau SA of Brazil. Gerdau Courtice and Gerdau MRM produce merchant bars, channels, rounds, squares and angles in a variety of sizes; they also manufacture reinforcing bars and special shape products, such as elevator guardrails and grader blades.

Co-Steel manufactures and markets SBQ steel bars and rods, concrete reinforcing steel bars and rods, merchant bars, structural shapes and flat-rolled steel at its plant in Whitby, Ontario.

c) Importers

The Tribunal received 20 questionnaire replies from companies that reported having imported hot-rolled bars during the safeguard period of inquiry, 1996 to 2001. A listing of these companies can be found in Annex 26 to this chapter.

According to Statistics Canada data, the top 10 importers of hot-rolled bars during the last three years of the safeguard inquiry period accounted for around 52 percent of the total imports of hot-rolled bars. Of those imports, 79 percent originated in the United States and 21 percent in the rest of the world. In 2001, the five largest importers were Barzelex Inc./Novosteel S.A., Birmingham Steel Corporation, Canadian Drawn Steel Company Inc., Earle M Jorgensen (Canada Inc.) and Rockwell International Suspension.

d) Foreign Producers

The Tribunal received 18 questionnaire replies from foreign producers of hot-rolled bars. In 2001, the five most important foreign producers of hot-rolled bars that replied to the Tribunal's questionnaire were Ascometal (Groupe Lucchini), Corus Engineering Steels, Iscor Limited, JSC Severstal and Nippon Steel Corporation. Together, these companies accounted for almost 9 percent of the production of hot-rolled bars reported by respondents. A listing of the companies that replied to the Foreign Producers' Questionnaire can be found in Annex 27 to this chapter.

e) Users

The Tribunal received 19 questionnaire replies from various service centres, wholesalers/distributors and users of hot-rolled bars. A listing of these companies can be found in Annex 28 to this chapter.

These respondents were companies involved in construction, automotive equipment, and industrial applications. Various companies submitted that end uses for products such as automotive, automotive components (springs, steering), control arms, sucker and polished rods, tool, die and mould applications demand exacting specifications.

f) Marketing and Distribution

Hot-rolled bars are sold directly from Canadian mills, foreign mills, brokers and import trading companies to steel service centres and end users. Steel service centres may, in turn, further process the steel before selling it to smaller end users or resellers.

Sales of hot-rolled bars are made both on a spot price basis and on a contract basis. Spot price sales are discrete buys conducted order by order. Contractual sales are mainly to the automotive manufacturing industry. Under these contract arrangements, mills negotiate price, volume, parts specifications and duration of the contract with their clients. These contracts usually last a year. However, in some instances, there are multi-year agreements.

3. Like or Directly Competitive Goods

The principles applicable to the analysis to determine whether products are "like or directly competitive goods" to each other are set out in Chapter IV of this report. On the basis of the evidence on the record, and for the purpose of this inquiry, the Tribunal finds that domestically produced hot-rolled bars, of the same description as the subject goods, constitute like or directly competitive goods to the subject goods.[162]

4. Determination on Domestic Producers

Stelco, Ispat Sidbec, Slater, Gerdau Courtice, Gerdau MRM and Co-Steel are the producers as a whole of the hot-rolled bars in Canada. The Tribunal's injury analysis has been based on the evidence relating to the above-mentioned domestic producers. In this report, they are sometimes referred to as the "domestic industry".

5. Increased Imports

Table 31 shows the volume of imports into Canada of hot-rolled bars for the years 1996 to 2001 and the volume of domestic production for the same period.

Table 31
Imports and Domestic Production

	1996	1997	1998	1999	2000	2001
Imports (tonnes)	192,621	301,938	290,839	284,119	327,489	272,626
Percent Change		57	(4)	(2)	15	(17)
Production (tonnes)	1,416,981	1,480,062	1,474,709	1,489,005	1,547,848	1,315,041
Percent Change		4	0	1	4	(15)
Imports as a Percentage of Production (%)	14	20	20	19	21	21

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-64, Administrative Record, Vol. 13 at 9; *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-64B, Administrative Record, Vol. 13 at 49.8.

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[162] *Transcript of Public Hearing*, Vol. 1, 21 June 2002, at 124-25; *Pre-hearing Staff Report on Market Characteristics*, Tribunal Exhibit GC-2001-001-64.02, Administrative Record, Vol. 11 at 60-67.

Parties opposing the imposition of safeguard measures argued that, in order for the Tribunal to conclude that there is an increase in imports, that increase has to be recent, sudden, sharp and significant. It was further argued that the evidence on the record shows that there was no significant increase in imports into Canada of hot-rolled bars in the recent period, but rather a decrease of 17 percent in imports in 2001 compared to 2000.

The Tribunal reviewed the import trends during the period of inquiry and determined that there was a recent, sudden, sharp and significant increase in the absolute volume of imports of hot-rolled bars in 2000 over 1999, the base year.[163] A review of Table 31 shows that, in absolute terms, the volume of imports into Canada of hot-rolled bars increased by 15 percent, or 43,000 tonnes, in 2000 over 1999. In 2001, the volume of imports decreased by 17 percent. However, while the 2001 volume was below the 1999 level, it remained 42 percent higher than the 1996 volume. The volume of imports in the first quarter of 2002 was lower than the level in the first quarter of 2001, but remained higher than the level in the first quarter of 1999.[164]

From 1999 to 2000, the domestic industry's production of hot-rolled bars increased by only 4 percent, significantly less than the 15 percent growth in imports. The volume of imports, as a percentage of domestic production, increased from 19 percent in 1999 to 21 percent in 2000 and 2001.

Accordingly, the Tribunal concludes that there was a recent, sudden, sharp and significant increase in imports of hot-rolled bars in 2000 over 1999, the base year, both in absolute terms and relative to domestic production of hot-rolled bars.

6. Unforeseen Developments

Having found that there was a significant increase in imports from 1999 to 2000, the Tribunal must now determine whether the increased imports resulted from unforeseen developments.

The domestic industry submitted that import penetration into the Canadian market was due to a number of unforeseen developments, among them an extensive global overcapacity and overproduction in steel products, the Asian economic crisis and the collapse of certain economies in Eastern Europe. Other parties submitted that these developments were not "unforeseen" and could not be linked to the increase in imports.

The Tribunal finds that the significant increase in imports in 2000 was due to a number of unforeseen developments. The Asian crisis, the Japanese economic slowdown and the collapse of the Russian and Commonwealth of Independent States economies, with the resulting economic turmoil, weakened many economies in Asia and Eastern Europe.

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[163] The year 2000 was determined by the Tribunal to be a period of significantly increased imports. The period 2000 to 2001 was the period during which the Tribunal evaluated the impact of the increased imports on the domestic industry's performance. Accordingly, the Tribunal determined that the base year for comparison purposes was 1999.

[164] *Pre-hearing Staff Report – Supplemental Data,* Tribunal Exhibit GC-2001-001-64A, Administrative Record, Vol. 13 at 49.4.

Nevertheless, the large steel production capacities in these regions were not idled. Steel producers loaded their mills in order to sustain production and employment levels and to maintain cash flow. Because their domestic markets weakened significantly, they were forced to sell a high proportion of their production into export markets. Furthermore, developments such as the agreements[165] between the European Coal and Steel Community and the Russian Federation and with Ukraine on trade in certain steel products placed restraints on steel exports from Russia and Ukraine. The agreements, in place since 1997, have put further pressure on these countries to sell their steel in markets other than the European Union. All of these developments, linked with overcapacity and overproduction, have had a global impact that spilled over into North American markets, placing pressure on U.S. producers as well.[166]

It is the view of the Tribunal that the impact of global developments was felt in the world steel market for most of the period of inquiry. All these developments have had major implications for global steel trade and were a significant factor leading to increased steel exports to Canada in 2000.[167]

The impact of weakening home markets has manifested itself specifically in increased exports of hot-rolled bars to Canada from many countries at various points during the period of inquiry. In 2000 compared with 1999, imports from Turkey increased by 768 percent, while imports from Japan increased by 71 percent.[168] Together, these two countries accounted for an increase of imports of 27,000 tonnes, 62 percent of the total increase over 1999 from all countries. In the same year, the pressure of global events was also manifested in a 5 percent increase in imports from the United States, which brought imports from the United States to a level 25 percent higher than in 1996. It was also manifested in a 87 percent increase in imports from Russia, an 85 percent increase in imports from France, and imports of 5,300 tonnes from New Zealand, which had previously been negligible.

Accordingly, the Tribunal finds that the significant increase in imports into Canada resulted from the unforeseen world market developments relating to global steel industries, with respect to hot-rolled bars in particular.

7. Serious Injury Analysis

In determining whether serious injury has occurred, the Tribunal examined the factors listed in Chapter IV of this report. These factors are discussed in detail below, with a particular focus on developments since 1999, the base year, but placing them also in the context of the total period of inquiry.

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[165] Tribunal Exhibits GC-2001-001-168.23-168.26 (single copy exhibits), Administrative Record, Vol. 1M at 250-369.

[166] Federal Register, Presidential Documents (7 March 2002), Tribunal Exhibit GC-2001-001-168.21 (single copy exhibit), Administrative Record, Vol. 1M at 196-201.

[167] Expert Report, *Canadian Steel Industry: An Economic Industry Study*, Tribunal Exhibit GC-2001-001-178.01, Administrative Record, Vol. 1C at 199, 217, 218.

[168] *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-64, Administrative Record, Vol. 13 at 11.

a) Production, Capacity and Capacity Utilization

Table 32 shows the practical plant capacity and production volumes of hot-rolled bars in Canada for the years 1996 to 2001.

Table 32
Domestic Production Indicators

	1996	1997	1998	1999	2000	2001
Practical Capacity (tonnes)	2,757,108	2,847,702	2,910,525	3,020,515	3,027,173	3,001,305
Total Production (tonnes)	1,416,981	1,480,062	1,474,709	1,489,005	1,547,848	1,315,041
Percent Change		4	0	1	4	(15)
Capacity Utilization Rate (%)	51	52	51	49	51	44

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-64C, Administrative Record, Vol. 13 at 49.8.

Practical capacity increased in every year of the period of inquiry, except in 2001, with the result that there was a net increase in practical capacity over the entire period of 244,000 tonnes, or 9 percent. From 1999 to 2000, practical capacity increased by 6,700 tonnes, less than 1 percent, and, from 2000 to 2001, it decreased by 26,000 tonnes, or 1 percent.

Total production for domestic market sales, export sales and further internal processing increased in 1997, 1999 and 2000 to a peak of approximately 1.5 million tonnes. This represents a 4 percent increase over 1999 and a 9 percent increase over the 1996 level. Following its peak in 2000, production declined in 2001 by 15 percent to 1.3 million tonnes, the lowest level in the period of inquiry.

Capacity utilization remained relatively stable at around 50 percent between 1996 and 2000, but decreased to 44 percent in 2001. The Tribunal notes that other long products, such as reinforcing bars and, in the case of three domestic producers, angles, shapes and sections, are produced on the same equipment.

b) Domestic Industry Market Performance Indicators

Table 33 shows the performance of the domestic industry in the Canadian market during the period 1996 to 2001.

Table 33
Domestic Industry Market Performance Indicators

	1996	1997	1998	1999	2000	2001
Apparent Market (tonnes)	1,005,638	1,140,365	1,116,806	1,148,079	1,232,558	1,047,915
Percent Change		13	(2)	3	7	(15)
Domestic Industry Sales (tonnes)	813,017	838,427	825,967	863,960	905,069	775,289
Percent Change		3	(1)	5	5	(14)
Market Share (%)	81	74	74	75	73	74
Average Delivered Selling Value ($/tonne)	611	612	621	598	599	578
Percent Change		0	1	(4)	0	(3)
Inventories (tonnes)	165,603	149,063	160,650	155,016	204,536	171,992

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-64, Administrative Record, Vol. 13 at 16-18.

The apparent Canadian market increased by over 84,000 tonnes in 2000 to a peak of 1.2 million tonnes, an increase of 7 percent over 1999 levels. In 2001, the market lost its 2000 gains and fell 15 percent to approximately 1 million tonnes, 4 percent above the 1996 level.

Table 33 indicates that, in 2000, when the market was at its peak, domestic producers saw their market share decrease to 73 percent, a 2 percentage point decrease from 1999 and the lowest market share in the period of inquiry. However, the Tribunal considers that this was a relatively small impact, given that the size of the apparent market had increased 7 percent, and that domestic sales, in fact, increased by 5 percent in 2000.

In 2001, the domestic producers increased their market share marginally to 74 percent. This apparent recovery occurred in a market that had dropped by 15 percent. In addition, the sales of the domestic producers decreased by 14 percent in that year. The domestic producers market share in 2001 was 7 percentage points below what it had been in 1996.

The average delivered selling values of domestic product remained at the same level in 2000 as in 1999, at $599 per tonne, before decreasing by 3 percent in 2001 to $578 per tonne, the lowest unit price of the 1996 to 2001 period.

The domestic producers' level of inventory, as a percentage of domestic production, increased by 3 percentage points in 2000 over 1999. In 2001, it remained stable.

c) Employment and Related Indicators

Table 34 provides employment and related productivity indicators for the domestic producers of hot-rolled bars for the period 1996 to 2001.

Table 34
Employment and Related Indicators

	1996	1997	1998	1999	2000	2001
Direct Employment	1,041	1,020	1,013	968	1,012	906
Total Employment	1,584	1,563	1,536	1,471	1,509	1,351
Hours Worked - Total Employment (000)	3,194	3,185	3,160	3,066	3,110	2,607
Productivity (tonnes/hour)	0.44	0.46	0.47	0.49	0.50	0.50
Average Hourly Wage Rate[1] ($/hour)	33	33	34	34	36	37

Note 1: Wages paid before deductions of any kind (e.g. Canada Pension Plan, Employment Insurance, union dues), including wages paid directly for overtime, holidays, vacations and sick leave.

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-64, Administrative Record, Vol. 13 at 19-20.

The total number of employees working in the hot-rolled bar sector of the steel industry increased by 3 percent in 2000 over 1999. The number of employees then fell by 10 percent in 2001, to a level that was 15 percent below the 1996 level. The number of hours worked increased by 1 percent in 2000 over 1999. In 2001, it fell by 16 percent.

Industry productivity was relatively stable between 1999 and 2001, at about 0.5 tonnes per hour worked. In 2001, industry productivity was 14 percent higher than the 1996 level.

The average hourly wage rate increased from $34 in 1999 to $36 in 2000. It increased further to $37 per hour in 2001, which was 12 percent higher than the 1996 level of $33 per hour.

d) Financial Performance Indicators

Table 35 presents an overview of the domestic industry's financial performance during the years 1996 to 2001.

Table 35
Financial Performance Indicators

	1996	1997	1998	1999	2000	2001
Net Commercial Sales Value ($/tonne)	600	599	608	587	588	568
Cost of Goods Sold ($/tonne)	525	525	529	491	506	514
Gross Margin ($/tonne)	74	73	79	95	82	54
Net Income Before Taxes ($/tonne)	37	41	42	64	45	19
Return on Investment[1] (% of fixed assets)	21.6	26.9	31.6	41.7	26.5	18.7
Cash Flow[1] ($000)	69,340	85,986	100,313	130,743	92,837	74,273

Note 1: Includes sales for export.

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-64, Administrative Record, Vol. 13 at 21, 23-24.

From 1999 to 2000, on a per tonne basis, gross margin fell by 14 percent and net income before taxes fell from $64 per tonne to $45 per tonne. At the same time, the domestic producers incurred an increase in the cost of goods sold, from $491 to $506 per tonne. However, the Tribunal notes that gross margin per tonne and net income per tonne remained at the second highest levels in the period of inquiry. In addition, the Tribunal concludes that the decrease in gross margin and net income in 2000 was entirely due to increased costs, given that the net commercial sales value remained, per tonne, constant from 1999 to 2000 and that the sales volume in 2000 was greater than in 1999. In 2000, return on investment fell from 42 percent of fixed assets to 27 percent and the cash flow position of the industry fell from $131 million to $93 million.

From 2000 to 2001, on a per tonne basis, the net commercial sales value decreased by 3 percent, gross margin fell by 34 percent, net income before taxes fell from $45 per tonne to $19 per tonne, return on investment fell from 27 percent of fixed assets to 19 percent and the cash flow position of the industry fell from $93 million to $74 million. The cost of goods sold increased during the same period. All these indicators were well below 1996 levels, with the exception of cash flow, which was higher than in 1996, but the second lowest level in the period of inquiry. Total net income before taxes in 2001 was less than one-third of the level in 1999 and about half of the level in 1996.

The Tribunal considers that a deterioration in financial returns of this magnitude would normally have a detrimental effect on producers' ability to raise capital.

e) Tribunal's Conclusion on Serious Injury

On the basis of the preceding examination of the domestic industry's performance indicators, the Tribunal finds that the domestic producers of hot-rolled bars suffered significant overall impairment and, thus, incurred serious injury. This injury was manifested as a significant deterioration in sales volume, gross margins, net profits, cash flow and return on investments and significant reductions in employment and hours worked.

8. Principal Cause of Injury

a) Increased Imports

Table 36
Apparent Market and Price Indicators

	1996	1997	1998	1999	2000	2001
Apparent Market (tonnes)	1,005,638	1,140,365	1,116,806	1,148,079	1,232,558	1,047,915
Percent Change		13	(2)	3	7	(15)
Import Market Share (%)	19	26	26	25	27	26
Domestic Market Share (%)	81	74	74	75	73	74
Average Delivered Selling Value of Imports ($/tonne)	880	970	1,523	1,305	1,251	1,323
Percent Change		10	57	(14)	(4)	6
Average Delivered Selling Value of Domestic Product ($/tonne)	611	612	621	598	599	578
Percent Change		0	1	(4)	0	(3)

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-64, Administrative Record, Vol. 13 at 16-17.

The domestic producers of hot-rolled bars argued that a principal cause of the declining performance of the industry was the penetration into the Canadian market of significantly increased imports at low prices. The domestic producers further argued that the price of imports had a downward and suppressive effect on domestic prices. They testified that the average import prices on the record were skewed by product mix, imports from the United States being primarily the higher-priced SBQ, imports from the rest of the world, primarily the lower-priced merchant bars, and domestic production of about 70 percent SBQ and 30 percent merchant bars.[169]

The Tribunal accepts that product mix needs to be taken into consideration in assessing the average prices for hot-rolled bars and that imported hot-rolled bars were often lower priced than domestic hot-rolled bar, on a product by product basis.

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[169] *Transcript of Public Hearing*, Vol. 1, 21 June 2002, at 3-10.

The Tribunal considered the timing of the increase in imports relative to the timing of the serious injury. The evidence indicated that the significant increase in imports that occurred in 2000 began in the first quarter of the year.[170] However, the results for the domestic industry in 2000 indicate that significant injury was not experienced in that year. Decreases were experienced in gross margin and net income before taxes. These were entirely attributable to an increase in costs, given that domestic prices remained the same as in 1999 and domestic sales volume increased. However, it is likely that the presence of low-priced imports in the market hampered the producers' ability to recover these increased costs. Gross margin and net income before taxes also remained at the second highest levels in the period of inquiry. Employment and hours worked increased in 2000 over 1999. Return on investments and cash flow decreased, but remained higher than 1996 levels.

The Tribunal considers that these results are explained, in large measure, by the fact that the increase in imports in 2000 is mainly attributable to imports from the rest of the world. The evidence indicated that imports of hot-rolled bars from the rest of the world are primarily merchant bars. Since merchant bars account for only about 30 percent of domestic sales, the increased imports would have competed with only a limited part of the domestic market. Although there was evidence from the domestic producers that pricing pressure on any long product would affect the price of all other long products made on the same equipment, pricing pressures from imports of merchant bars would have the greatest effect on domestic merchant bars.[171]

The injury suffered by the domestic producers occurred in 2001, when the level of imports had decreased somewhat. This timing would suggest that the increase in imports was not the cause of the serious injury. However, the Tribunal considered whether, nonetheless, the injury experienced in 2001 could have been a continuing effect of the significant increase in imports in 2000.

Witnesses for the domestic producers expressed the view that steel service centres built up significant inventory of hot-rolled bars in 2000, due to the presence of low-priced imports in the market and that the liquidation of this inventory in 2001 caused serious injury in that year. There is insufficient evidence on the record to accept this point of view. In any event, the Tribunal notes that the impact of any such buildup would have been limited, given that, as noted above, the increase in imports was primarily merchant bars and, hence, would affect only approximately 30 percent of domestic sales.

In addition, the Tribunal notes the domestic producers' evidence that a significant part of sales are contract sales and, hence, largely insulated from the downward pressure caused by low-priced imports.[172]

Furthermore, the Tribunal notes that the market shares of domestic producers and imports remained relatively stable over the 1999 to 2001 period, with only 2 percentage points variation during the period. Domestic producers held a 73 to 75 percent market share, while imports held a 25 to 27 percent market share. Shifts of this limited magnitude do not normally point to increased imports as a significant cause of injury.

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[170] *Transcript of Public Hearing*, Vol. 1, 21 June 2002, at 88 and 89.

[171] *Transcript of Public Hearing*, Vol. 1, 21 June 2002, at 17-20, 25.

[172] *Transcript of Public Hearing*, Vol. 1, 21 June 2002, at 5, 6, 10 and 11.

Based on the foregoing, the Tribunal is persuaded that increased imports caused some injury, but were not a major cause of the serious injury experienced by the domestic producers.

b) Other Causes of Injury

Having determined that increased imports were not a major cause of injury, the Tribunal considered other factors that might have caused the serious injury.

It was clear from submissions and testimony that trends in demand were a key factor to be considered with respect to the decline in production and sales.

i) Trends in Demand and Economic Conditions

Evidence on the record indicates that demand for hot-rolled bars is driven mainly by the automotive industry and, to a lesser extent, by the construction and industrial sectors.[173] A witness also testified that market demand for merchant hot-rolled bars tends to fluctuate with general economic activity.[174] For example, a witness from the domestic producers indicated that the peak in domestic shipments in 2000 was mainly due to the automotive market.[175] According to witnesses, most SBQ bars are used in automotive applications[176] and, therefore, they would be particularly sensitive to swings in the automotive industry. As noted above, SBQ bars account for approximately 70 percent of domestic sales.

Demand for hot-rolled bars during most of 2000 was strong, due to the strength of demand from the Canadian automotive industry, the construction sector and the overall strength of the economy. As noted above, the apparent Canadian market increased by over 84,000 tonnes in 2000 and peaked at 1.2 million tonnes, an increase of 7 percent over 1999 levels. During this period of high demand, as discussed above, the domestic producers did not suffer significant injury.

The Canadian economy started to soften in the second half of 2000, and automotive demand softened significantly in the latter part of the year. At the end of 2000, the domestic producers were left with excess inventory and an oversupply of production that would otherwise have been destined for the automotive sector.

Weak automotive demand and the downturn in the Canadian economy continued in 2001. In 2001, the market lost its 2000 gains and fell by 15 percent to approximately 1 million tonnes. Domestic sales volumes decreased by 14 percent, to the lowest level in the period of inquiry. Witnesses for the domestic producers confirmed that, during this period, economic factors caused a significant decrease in demand.[177] Domestic producers liquidated the high levels of inventory that they had built up in 2000 to meet the high level of demand in that year. Domestic producers' inventories decreased from their peak level of 205,000 tonnes in 2000 to 172,000 tonnes in 2001. The Tribunal considers that the liquidation of excess inventories by the domestic producers contributed to the downward pressure on domestic prices in 2001, noting that domestic producers reduced their prices in 2001, despite the fact that the average import price increased.

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[173] *Transcript of Public Hearing*, Vol. 1, 21 June 2002, at 27, 34-35, 132.

[174] *Transcript of Public Hearing*, Vol. 1, 21 June 2002, at 30.

[175] *Transcript of Public Hearing*, Vol. 1, 21 June 2002, at 89.

[176] *Transcript of Public Hearing*, Vol. 1, 21 June 2002, at 13-15, 27.

As discussed above, the serious injury suffered by the domestic producers occurred primarily in 2001, coinciding with the timing of the serious decline in market demand.

Based on the foregoing analysis, the Tribunal considers that the decreased demand for hot-rolled bars in late 2000 and in 2001, resulting from economic conditions, was the main cause of the serious injury experienced by the domestic producers.

ii) Financial Factors

The Tribunal also examined whether financial factors could have caused injury. The Tribunal notes that factory overhead increased from $130 per tonne in 2000 to $144 per tonne in 2001. Although this is a significant increase, much of it is due to the 15 percent reduction in production in 2001, which would be expected to increase unit costs of production. Therefore, the Tribunal does not consider this to be a factor that caused any significant injury.

c) Tribunal's Conclusion on Principal Cause

Based on the above analysis, the Tribunal is of the view that increased imports caused some injury to the domestic producers, but were not a principal cause of serious injury. In the view of the Tribunal, the main cause of the injury was the significant decrease in demand for hot-rolled bars, due to economic conditions, which occurred in late 2000 and in 2001.

9. Threat of Serious Injury

Since the Tribunal determined that the increased imports were not a principal cause of serious injury to the domestic producers of hot-rolled bars, it must determine whether there is a threat of serious injury caused by the increase in imports.

Looking at 2002, there is evidence that the market in Canada for hot-rolled bars began to turn around.[178] Demand in the automotive sector has been growing at a faster rate than previously forecast.[179] The construction sector continues to be strong. Sales of hot-rolled bars have begun to increase. During the first quarter of 2002, the Canadian mills were able to initiate some price increases.[180]

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[177] *Transcript of Public Hearing*, Vol. 1, 21 June 2002, at 28-30, 90.

[178] *Transcript of Public Hearing*, Vol. 1, 21 June 2002, at 27, 28, 44, 45.

[179] *Transcript of Public Hearing*, Vol. 1, 21 June 2002, at 28.

[180] *Transcript of Public Hearing*, Vol. 1, 21 June 2002, at 153.

Both the Canadian and U.S. economies are showing improvements over 2001 in the first five months of 2002. The automotive sector of the economy, in particular, has shown improvements that are better than had been forecast. Evidence on the record shows that the recent strength demonstrated in the Canadian economy is expected to continue on a slow but steady upward trend.

Looking outside Canada, evidence on the record shows that the world steel markets are strengthening. World demand for hot-rolled bars is growing.[181] The recent strength demonstrated in the world steel markets is expected to continue at a slow but steady upward trend.[182]

Based on the foregoing evidence, the Tribunal concludes that the decreased demand for hot-rolled bars due to economic factors, which was the main cause of serious injury, is no longer a significant factor in the market. Thus, current market conditions do not suggest that there is a risk of serious injury due to the high level of imports.

However, the Tribunal also needs to consider whether there is evidence that the current volume of imports is likely to increase further in the near future to the extent that, at an augmented volume, imports are likely to cause serious injury. In considering this issue, the Tribunal is mindful that a determination of threat is to be based on "fact" and not "conjecture".[183]

There is evidence that the economies in Asia and Europe are growing.[184] As a result, foreign producers of steel in offshore markets are now focusing their sales efforts in markets closer to home. As a result of the increasing demand in the markets of foreign producers, the availability of supply of steel for the export market is becoming tight. The Tribunal heard that, currently, it is very difficult to find offshore steel mills interested in offering hot-rolled bars to the Canadian market because their domestic demand is strong and they have sales commitments in their own part of the world.

In addition, the Tribunal attempted to assess the current and likely future impact on imports of the U.S. safeguard measures. In response to questions by the Tribunal, industry witnesses could not demonstrate that imports of hot-rolled bars have actually been diverted into Canada as a result of the U.S. safeguard action. Indeed, despite the fact that the United States implemented safeguard measures, imports continue to enter the U.S. market. The safeguard measures invoked in the United States have allowed prices to increase in that market.[185] Further, the U.S. authorities granted a number of exclusions for certain products and exclusions for developing countries. The Tribunal believes that these exclusions also reduce the potential for diversion. Thus, the evidence on the record does not lead to the conclusion that there is likely to be an imminent diversion of imports of hot-rolled bars.

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[181] *Transcript of Public Hearing*, Vol. 1, 21 June 2002, at 143, 144, 146; *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-64, Administrative Record, Vol. 13 at 31, 32.

[182] Submission Related to Injury filed by Arcelor S.A. and Usinor Canada Inc. at Tabs 10 -13, Tribunal Exhibit GC-2001-001-410.17, Administrative Record, Vol. 7.5D.

[183] *United States Safeguard Measures on Imports of Fresh, Chilled or Frozen Lamb Meat from New Zealand and Australia*, WT/D5177/AB/R (21 December 2000).

[184] Submission Related to Injury filed by Arcelor S.A. and Usinor Canada Inc. at Tabs 8, 10-13, Tribunal Exhibit GC-2001-001-410.17, Administrative Record, Vol. 7.5D.

[185] *Transcript of Public Hearing*, Vol. 1, 21 June 2002, at 145-147.

In addition to the effects of the U.S. safeguard measures, the Tribunal took into account the provisional measures (TRQs) recently implemented by the European Union. It notes that the E.U. measures continue to allow for imports into that market. This level of imports is based on the average volume of imports into the European Union over the past three years, plus 10 percent. Imports into the European Union during the last three years have been at record high levels. The evidence shows that, since the European Union implemented provisional safeguard measures, imports into the European Union continue, but at levels well within the tariff limits. In the Tribunal's opinion, the evidence does not point to the likelihood that injurious levels of hot-rolled bars will be diverted from the European Union into Canada as a result of the recent implementation of provisional safeguard measures.

Accordingly, the Tribunal concludes that the facts on the record do not support a conclusion that the current volume of imports is likely to increase markedly in the near future.

Based on the above review of the evidence, the Tribunal finds that the facts do not support the conclusion that the increased imports are a principal cause of threat of serious injury.

Annex 25
HS Code Descriptions - Hot-rolled Bars

2001 HS Code		2001 Description
7213		Bars and rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel.
721320		-Other, of free-cutting steel
72132090		—Other
		——Other:
	7213209091	———Rounds of diameter not exceeding 75 mm
	7213209092	———Hexagons
	7213209093	———Squares
	7213209099	———Other
		-Other:
721391		–Of circular cross-section measuring less than 14 mm in diameter
72139190		—Other
		——Containing by weight less than 0.25% of carbon
	7213919019	———Other
		——Containing by weight 0.25% or more but less than 0.6% of carbon
	7213919029	———Other
		——Containing by weight 0.6% or more of carbon
	7213919039	———Other
721399		–Other:
72139991		—Containing by weight less than 0.6% of carbon
	7213999121	———Rounds, of a diameter of 14 mm or more but not exceeding 35 mm
	7213999122	———Rounds, of a diameter exceeding 35 mm
	7213999123	———Hexagons
	7213999124	———Squares
	7213999129	———Other
		——Other, containing by weight 0.25% or more but less than 0.6% of carbon:
	7213999141	———Rounds, of a diameter of 14 mm or more but not exceeding 35 mm
	7213999142	———Rounds, of a diameter exceeding 35 mm
	7213999149	———Other
72139999		—Other
		——Other, containing by weight 0.6% or more of carbon:
	7213999921	———Rounds, of a diameter of 14 mm or more but not exceeding 35 mm
	7213999922	———Rounds, of a diameter exceeding 35 mm
	7213999929	———Other
7214		Other bars and rods of iron or non-alloy steel, not further worked than forged, hot-rolled, hot-drawn or hot-extruded, but including those twisted after rolling.
7214100000		-Forged
721430		-Other, of free-cutting steel
72143090		—Other
		——Flat bars, including flat grader blade sections:
	7214309011	———Of a width not exceeding 75 mm
	7214309012	———Of a width exceeding 75 mm but less than 150 mm
	7214309013	———Of a width of 150 mm or more
		——Rounds:
	7214309021	———Of a diameter not exceeding 75 mm
	7214309022	———Of a diameter exceeding 75 mm
	7214309030	——Hexagons
	7214309040	——Squares
	7214309090	——Other
		-Other:

2001 HS Code		2001 Description
721491		–Of rectangular (other than square) cross-section
72149110		—For use in ships, boats or floating structures; Grouser bars, in mill lengths, for use in the manufacture of track shoes for track-laying tractors, loaders or excavators
	7214911010	——Of a width not exceeding 75 mm
	7214911020	——Of a width exceeding 75 mm but less than 150 mm
	7214911030	——Of a width of 150 mm or more
72149190		—Other
	7214919010	——Of a width not exceeding 75 mm
	7214919020	——Of a width exceeding 75 mm but less than 150 mm
	7214919030	——Of a width of 150 mm or more
721499		–Other
72149910		—For use in ships, boats or floating structures; Grouser bars, in mill lengths, for use in the manufacture of track shoes for track-laying tractors, loaders or excavators
		——Rounds:
	7214991011	———Of a diameter not exceeding 75 mm
	7214991012	———Of a diameter exceeding 75 mm
	7214991020	——Hexagons
	7214991030	——Squares
	7214991090	——Other
72149990		—Other
		——Rounds:
	7214999011	———Of a diameter not exceeding 75 mm
	7214999012	———Of a diameter exceeding 75 mm
	7214999020	——Hexagons
	7214999030	——Squares
	7214999090	——Other
7227		Bars and rods, hot-rolled, in irregularly wound coils, or other alloy steel.
722790		-Other
72279090		—Other
		——Other:
	7227909091	———Flat bars
	7227909092	———Rounds
	7227909093	———Squares
	7227909099	———Other
7228		Other bars and rods of other alloy steel; angles, shapes and sections, of other alloy steel; hollow drill bars and rods, of alloy or non-alloy steel.
722810		-Bars and rods, of high speed steel
7228101000		—To specification AISI type M1, M2, M4, M7, M42 or T15, not further manufactured than centreless ground or peeled, for use in the manufacture of tools of heading no. 82.07, for metal working hand tools or for metal working machine-tools
		—Others:
7228109100		——Not further worked than hot-rolled
722820		-Bars and rods, of silico-manganese steel
72282010		—Not further worked than hot-rolled
	7228201010	——Flat bars
	7228201020	——Rounds
	7228201030	——Squares
	7228201090	——Other
72282090		—Other
	7228209090	——Other

2001 HS Code		2001 Description
722830		-Other bars and rods, not further worked than hot-rolled, hot-drawn or extruded
72283010		—For use in ships, boats or floating structures; Grouser bars, in mill lengths, for use in the manufacture of track shoes for track-laying tractors, loaders or excavators
		——Flat bars:
	7228301011	———Mold steel
	7228301012	———Tool steel
	7228301019	———Other
		——Rounds:
	7228301021	———Mold steel
	7228301022	———Tool steel
	7228301029	———Other
		——Squares:
	7228301031	———Mold steel
	7228301032	———Tool steel
	7228301039	———Other
		——Other:
	7228301091	———Mold steel
	7228301092	———Tool steel
	7228301099	———Other
72283090		—Other
		——Flat bars:
	7228309011	———Mold steel
	7228309012	———Tool steel
	7228309019	———Other
		——Rounds:
	7228309021	———Mold steel
	7228309022	———Tool steel
	7228309029	———Other
		——Squares:
	7228309031	———Mold steel
	7228309032	———Tool steel
	7228309039	———Other:
		——Other:
	7228309091	———Mold steel
	7228309092	———Tool steel
	7228309099	———Other
72284000		-Other bars and rods, not further worked than forged
	7228400010	——Mold steel
	7228400020	——Tool steel
	7228309099	——Other
72286000		-Other bars and rods
	7228600010	——Mold steel
	7228600020	——Tool steel
	7228600090	——Other
72288000		-Hollow drill bars and rods
	7228800011	——Not further worked than hot-rolled:
	7228800012	———Round, alloy steel
	7228800018	———Round, non-alloy steel
	7228800019	———Other
		———Other

Source: *Customs Tariff*, 1996 to 2001.

Annex 26
Companies that Responded to the Tribunal's Importers' Questionnaire - Hot-rolled Bars

A.J. Forsyth, A Division of Russel Metals Inc.

Alberta Industrial Metals Ltd.

(formerly Red Deer Industrial Metals Ltd.)

Barzelex Inc./Novosteel S.A.

Bohler-Uddeholm Limited

Canadian Drawn Steel Company Inc.,
A Division of Republic Technologies International

Commercial Metals Company

Corus America Inc.

Earle M. Jorgensen (Canada) Inc.

Ferrostaal Metals Ltd.

Hastech Mfg. (A Division of Linamar Corporation)

Le Groupe Canam Manac Inc.,
Division Les Aciers Canam (Canada)

Marubeni-Itochu Steel Canada Inc.

Russel Metals Inc.

S.K.D. Company – Milton Division

Thyssen Canada Limited – Trading Division

Thyssen Marathon Canada,
Division of Thyssen Canada Limited

TRW Canada Ltd.

Union Drawn Steel II Ltd.

Usinor Canada Inc.

Wirth Steel, A General Partnership

Annex 27
Companies that Responded to the Tribunal's Foreign Producers' Questionnaire - Hot-rolled Bars

China
China Iron and Steel Association / China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters

European Union
Ascometal (Groupe Lucchini)
Bohler Edelstahl GmbH & CoKG
Corus Engineering Steels
Edelstahl Buderus AG
Edelstahl Witten-Krefeld GmbH
Uddeholm Tooling AB

Japan
Kawasaki Steel Corporation
Kobe Steel, Ltd.
Nippon Steel Corporation

Korea
Dongkuk Steel Mill Co., Ltd

Russia
JSC "MECHEL" (Chelyabinsk Integrated Iron and Steel Works of Russia)
JSC Severstal

Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu
China Steel Corporation

South Africa
Iscor Limited

United States
Bethlehem Steel Corporation
Ispat Inland Inc.
Nucor Corporation

Annex 28
Companies that Responded to the Tribunal's Market Characteristics Questionnaire - Hot-rolled Bars

Steel Service Centres

Crawford Metal Corp.
Unalloy IWRC
Pacific Steel Inc.
York Steel Inc.[1]
Oxford Automotive[1]
Bohler-Uddeholm Limited

Wholesalers/Distributors

Jade Sterling Steel Co. Inc.
Acier Picard Inc.
Glueckler Metal Inc.[2]
Laurel Steel (a Division of Harris Steel Limited)[2]
MSS Holdings Limited[2]
Alberta Oil Tool (a Dover Resources Company)[2]

End Users

Welland Forge a division of FKI Canada Ltd.
Group Trudo Inc.
Hendrickson Canada Ltd.
Warren Dallin
Standen's Limited
General Motors of Canada Limited
Le Groupe Canam Manac Inc.,
Division Les Aciers Canam (Canada)

Note 1: This company is also an end user.

Note 2: This wholesaler/distributor is also a manufacturer, fabricator.

Annex 29
Submissions - Hot-rolled Bars

Participants that Filed Injury Submissions

Company

Coalition of Canadian Steel Producers

Acindar S.A.

Balli Klockner Canada Limited

Böhler-Uddeholm AG, Edelstahl Witten-Krefeld GmbH, Böhler Uddeholm Ltd., Thyssen Marathon Canada Ltd., Buderus Edelstahl Werke AG and Buderus Specialty Steel Corp.

Corus America Inc. and Corus Group plc

Highveld Steel and Vanadium Corporation Limited, New Zealand Steel Limited, Ferrostaal Metals Ltd., Knightsbridge International Corp., Salzgitter AG, Salzgitter Trade, Inc., Thyssen Canada Limited, Hoesch Hohenlimburg GmbH, ThyssenKrupp Electrical Steel GmbH, BHP Steel Americas, Inc., BHP Steel Ltd., TradeARBED Canada Inc., ThyssenKrupp Steel North America, Inc., ThyssenKrupp Stahl AG, Thyssen AST USA, Inc., ThyssenKrupp Electrical Steel AST S.p.A., Wirth Steel, A General Partnership, Yieh Phui Enterprise Co. Ltd., Olbert Metal Sales Limited and CCC Steel GmbH

Iscor Limited and Macsteel International (Canada) Limited

Istanbul Ferrous and Non-Ferrous Metals Exporters' Association, Borçelik Çelik Sanayii Ticaret A.S., Borusan Birlesik Boru Fabrikalari A.S., Çebi Metal Sanayi ve Ticaret A.S., Çolakoglu Metalurji A.S., Diler Iron and Steel Works Inc., Eregli Iron and Steel Works Co., HABAS Sinai ve Tibbi Gazlar Istihsal Endustrisi A.S., IÇDAS Çelik Enerji Tersane ve Ulasim Sanayii A.S., Mannesmann Boru Endustrisi T.A.S. and Kaptan Demir Çelik Endustrisi ve Ticaret A.S.

Midland Steel Ltd.

U.S. Mills (Bethlehem Steel and Ispat Inland)

Annex 30
Witnesses - Injury Hearing - Hot-rolled Bars

Witness	Title / Company
Domestic Producers	
Terry G. Newman	President and Chief Executive Officer Co-Steel Lasco Inc.
Paul A. Kelly	President and Chief Executive Officer Slater Steel Inc.
David G. Pastirik	Director Marketing and Development Slater Steels Stainless
Glen A. Beeby	Vice-President Finance Gerdau Courtice Steel Inc.
Christian Castonguay	Vice-President, Marketing and Sales Ispat Sidbec Inc.
Donald K. Belch	Director - Government Relations Stelco Inc.
Others	
Normand Labrecque	Senior Representative Aeronautics Division Earle M. Jorgensen (Canada) Inc.
Wally Van Zyl	Account Manager Iscor Flat Steel Products
Mel Svendsen	President and Chief Executive Officer Standen's Limited
Robert Bellisle	Vice-President Sales Usinor Canada Inc.
Rock Corriveau	Production Manager Welland Forge

CHAPTER X

ANGLES, SHAPES AND SECTIONS

1. Tribunal's Determination on Increased Imports and Serious Injury

On July 4, 2002, the Tribunal determined that carbon and alloy steel angles, shapes and sections are being imported into Canada from all sources in such increased quantities since the beginning of 1996, and under such conditions, as to be a principal cause of serious injury to domestic producers of like or directly competitive goods. It also determined that angles, shapes and sections imported from the United States account for a substantial share of total imports of goods of the same kind and that alone they contribute importantly to the serious injury. The Tribunal has further determined that angles, shapes and sections imported from each of Mexico, Israel or another CIFTA beneficiary and Chile do not account for a substantial share of total imports of goods of the same kind and that angles, shapes and sections imported from each of those countries do not contribute importantly to the serious injury. Finally, the Tribunal determined that angles, shapes and sections are imported from all sources other than Mexico, Israel or another CIFTA beneficiary, and Chile, in such increased quantities and under such conditions as to be a principal cause of serious injury to domestic producers of like or directly competitive goods.

2. Product and Market

a) Product Description and Use

Carbon and alloy steel angles, shapes and sections are the goods subject to this safeguard inquiry. The Schedule of Specified Goods in the Order indicates that the angles, shapes and sections subject to this inquiry exclude I-sections of a height exceeding 152.4 mm (6 in.) and H-sections of a height exceeding 152.4 mm (6 in.); and stainless grades of long steel products.

Products of this description are referred to throughout as angles, shapes and sections.

Chapter III of this report provides the methodology used to determine the HS Codes under which the subject goods may be imported. The HS Codes and the tariff descriptions for angles, shapes and sections can be found in Annex 31 to this chapter.

In the manufacture of angles, shapes and sections, a billet is reheated, then passed through a set of grooved rolls to produce the desired angles, shapes and sections, which are then cut into straight lengths. Angles, shapes and sections encompass a wide range of products, including merchant goods and other goods made from special grade quality steel. They are used in general construction, automotive and other manufacturing industries. They are also used in applications such as ship building, bridge structures, mine rails, electric transmission towers and cutting edges for bulldozers and road graders.

b) Domestic Producers

The domestic producers are Co-Steel Lasco (Co-Steel), Gerdau MRM Steel Inc. (Gerdau MRM) and Gerdau Courtice Steel Inc. (Gerdau Courtice).[186] In 2001, these three producers together produced approximately 573,000 tonnes of angles, shapes and sections. Of this volume, 305,000 tonnes were sold on the domestic market, and 298,000 tonnes were sold on the export market.

Co-Steel's plant in Whitby, Ontario, manufactures and markets angles, shapes and sections, hot-rolled bar, concrete reinforcing steel bar and flat rolled steel. The bulk of Co-Steel's production serves the construction industry.

Gerdau Courtice of Cambridge, Ontario, and Gerdau MRM of Selkirk, Manitoba, produce angles, shapes and sections at their respective locations. They are both owned by Gerdau SA of Brazil. Both Gerdau Courtice and Gerdau MRM produce merchant bars, channels, rounds, squares and angles in a variety of sizes; they also manufacture reinforcing bar and special shape products. Whereas Gerdau Courtice produces mostly for the construction market, a significant proportion of Gerdau MRM's production is more specialized, serving original equipment manufacturers (OEMs) of such products as truck trailers, capital goods, heavy construction equipment, forklifts and bulldozers.

c) Importers

The Tribunal received 22 questionnaire replies from companies that reported having imported angles, shapes and sections during the safeguard period of inquiry, 1996 to 2001. A listing of these companies can be found in Annex 32 to this chapter.

According to Statistics Canada data, the top 10 importers of angles, shapes and sections during the last three years of the safeguard inquiry period, 1999 to 2001, accounted for 59 percent of the total imports of angles, shapes and sections. Of those imports, 53 percent were shipped from the United States and 46 percent from the rest of the world; less than 1 percent originated in Mexico. In 2001, the five largest importers were Acier Leroux Inc., Birmingham Steel Corporation, Crawford Metal Corporation, Ferrostaal Metals Ltd. and TradeArbed Canada Inc.

d) Foreign Producers

The Tribunal received 13 questionnaire replies from foreign producers of angles, shapes and sections. In 2001, the five most important foreign producers of angles, shapes and sections that replied to the Tribunal's questionnaire were Corus Group (Corus), Dongkuk Steel Mill Co. Ltd., INI Steel Company, Iscor Limited and Kaptan Demir Celik Industrisi. Together, these companies accounted for 18 percent of the production of angles, shapes and sections reported by respondents. A listing of the companies that replied to the Foreign Producers' Questionnaire can be found in Annex 33 to this chapter.

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[186] Algoma Steel Inc. reported that small quantities of hot-rolled angles, shapes and sections were produced and sold prior to the closing of its structural mill in 1999. These volumes were not reported in the production and market tables that follow.

e) Users

The Tribunal received 9 questionnaire replies from various service centres, wholesalers/distributors and users of angles, shapes and sections. A listing of these companies can be found in Annex 34 to this chapter.

These respondents represented companies involved in the following industry sectors: construction, automotive, transportation and bridge construction. Various companies submitted that products for end uses such as mast substructures, booms and bridge structure applications demand exacting specifications.

f) Marketing and Distribution

Angles, shapes and sections are sold directly from the Canadian mills, foreign mills, brokers or import trading companies to steel service centres and end users. Steel service centres sell the products to construction companies and building supply companies whose requirements do not meet the minimum volumes normally supplied by the mills.

Sales of angles, shapes and sections are made on a spot price basis and on a contract basis. Spot price sales are discrete buys conducted order by order. Under contract arrangements, which are often associated with OEM supply, the mills negotiate price, volume and specifications with their clients. These contracts usually last a year. In some instances, there are multi-year agreements.

3. Like or Directly Competitive Goods

The principles applicable to the analysis to determine whether products are "like or directly competitive goods" are set out in Chapter IV of this report. On the basis of the evidence on the record, the Tribunal finds that domestically produced angles, shapes and sections of the same description as the subject goods constitute like or directly competitive goods to the subject goods.[187]

4. Determination on Domestic Producers

Co-Steel, Gerdau MRM and Gerdau Courtice are the producers as a whole of the angles, shapes and sections in Canada. The Tribunal's injury analysis has been based on the evidence relating to the above-mentioned domestic producers. In this report, they are sometimes referred to as the "domestic industry".

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[187] *Transcript of Public Hearing*, Vol. 1, 25 June 2002, at 8-10, 115-117; *Pre-hearing Staff Report on Market Characteristics*, Tribunal Exhibit GC-2001-001-78.02, Administrative Record, Vol. 15 at 58-65.

5. Increased Imports

Table 37 shows the volume of imports into Canada of angles, shapes and sections in Canada for the years 1996 to 2001 and the volume of domestic production for the same period.

Table 37
Imports and Domestic Production

	1996	1997	1998	1999	2000	2001
Imports (tonnes)	185,295	287,595	301,652	340,208	410,470	338,815
Percent Change		55	5	13	21	(17)
Production (tonnes)	635,475	691,592	719,986	769,444	795,611	573,457
Percent Change		9	4	7	3	(28)
Imports as a Percentage of Production (%)	29.2	41.6	41.9	44.2	51.6	59.1

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-78, Administrative Record, Vol. 15 at 9; *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-78B, Administrative Record, Vol. 15 at 48.8.

Parties opposing the imposition of safeguard remedies argued that the evidence shows that there were no significant increases in imports into Canada of angles, shapes and sections. It was noted that the most recent indication of a sudden or sharp increase occurred in 2000. Furthermore, they submitted that, from 2000 to 2001, the level of imports declined significantly.

The Tribunal reviewed the import trends during the entire period of inquiry and determined that there was a recent, sudden, sharp and significant increase in the absolute volume of imports in 1999 and 2000 over 1998, the base year.[188] A review of Table 37 shows that, in absolute terms, the volume of imports of angles, shapes and sections into Canada increased by 13 percent in 1999 over 1998, and by a further 21 percent in 2000. The Tribunal finds that this total increase in imports of 108,000 tonnes between 1998 and 2000 was a significant increase in the importation into Canada of angles, shapes and sections. While imports in 2001 declined from the peak of 2000, the Tribunal notes that the level of imports in 2001 remains at 339,000 tonnes, or 83 percent higher than in 1996 and 12 percent higher than in 1998. The level in 2001 was also almost identical to that of 1999, the first year of significantly increased imports. The first quarter data show that imports of 63,000 tonnes in 2002 represented a 15 percent decrease from the 1998 level, but a 58 percent increase over the first quarter 1996.[189]

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[188] The period 1999 to 2001 was determined by the Tribunal to be a period of significantly increased imports and was the period during which the Tribunal evaluated the impact of the increased imports on the domestic industry's performance. Accordingly, the Tribunal determined that the base year for comparison purposes was 1998.

[189] *Pre-hearing Staff Report – Supplemental Data*, Tribunal Exhibit GC-2001-001-78A, Administrative Record, Vol. 15 at 48.4.

During the period 1998 to 1999, the domestic industry's production of angles, shapes and sections increased by 7 percent, or 49,000 tonnes. During the period 1999 to 2000, the domestic industry's production increased by 3 percent, or 26,000 tonnes. In both these years, the growth of imports outstripped that of domestic production. The volume of imports as a percentage of domestic production rose continuously over the period of inquiry. In 1999, this ratio was at 44 percent, or 2 percentage points higher than the ratio of imports to production in 1998. In 2000, it climbed to 52 percent, or 7 percentage points higher than the ratio of imports to production in 1999 and 22 percentage points higher than the same ratio in 1996. In 2001, it rose to 59 percent, or 7 percentage points higher than the ratio of imports to production in 2000. The injurious effect of that surge in imports has been felt throughout the 1999 to 2001 period, perpetuated by the high levels of imports, relative to the base year and to 1996.

Accordingly, the Tribunal concludes that there was a recent, sudden, sharp and significant increase in imports of angles, shapes and sections in 1999 and 2000 over 1998, the base year, both in absolute terms and relative to domestic production of angles, shapes and sections.

6. Unforeseen Developments

Having found that there was a significant increase in imports in 1999 and 2000 over 1998, the Tribunal must now determine whether the increased imports resulted from unforeseen developments.

The domestic industry submitted that import penetration into the Canadian market was due to a number of unforeseen developments, among them an extensive global overcapacity and overproduction in steel products and the Asian economic crisis. Importers and foreign producers submitted that there were no unforeseen developments that could be linked to the increase in imports.

The Tribunal finds that the significant increase in imports in 1999 and 2000 was due to a number of unforeseen developments. In particular, the Asian crisis and the Japanese economic slowdown weakened many economies in Asia, and the collapse of the Commonwealth of Independent States economies affected markets in Eastern Europe. Notwithstanding the decline in their home markets, the large steel production capacities in these regions were not idled. Steel producers loaded their mills in order to sustain production and employment levels and to maintain cash flow. Because their domestic markets weakened substantially, they were forced to sell a high proportion of their production into export markets. These developments, linked with general global overcapacity and overproduction, had a broad impact that spilled over into other markets, placing pressure on producers in countries not directly affected by the economic malaise in Asia and Eastern Europe.

The Tribunal notes that the increased imports of angles, shapes and sections were attributable to numerous countries in various parts of the world.[190] Korean products led the increase in imports, with a total increase of 52,000 tonnes between 1998 and 2000, and Japan followed with an increase of 41,000 tonnes in 2000 over 1998.[191] Together, these countries accounted for an increase of 93,000 tonnes in the period of increased imports, 85 percent of the total increase from all countries. Other countries contributing to the increase were Brazil, with increases of 8,400 and 6,100 tonnes in 1999 and 2000 respectively, Finland with an increase from negligible imports in 1998 to 7,300 tonnes in 2000, and Turkey with a net increase of 4,600 tonnes over the two years of increased imports.

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[190] *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-78, Administrative Record, Vol. 15 at 11.

Accordingly, the Tribunal finds that the significant increase in imports into Canada resulted from the unforeseen world market developments relating to global steel industries, with respect to angles, shapes and sections in particular.

7. Serious Injury Analysis

In determining whether serious injury has occurred, the Tribunal examined the factors listed in Chapter IV of this report. These factors are discussed in detail below, with a particular focus on developments since 1998, the base year, but placing them also in the context of the total period of inquiry.

a) Production, Capacity and Capacity Utilization

Table 38 shows the practical capacity and production volumes of angles, shapes and sections in Canada for the years 1996 to 2001.

Table 38
Domestic Production Indicators

	1996	1997	1998	1999	2000	2001
Practical Capacity (tonnes)	1,192,705	1,212,205	1,222,705	1,241,205	1,241,205	1,244,705
Total Production (tonnes)	635,475	691,592	719,986	769,444	795,611	573,457
Percent Change		9	4	7	3	(28)
Capacity Utilization Rate (%)	53	57	59	62	64	46

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-78B, Administrative Record, Vol. 15 at 48.8.

Practical capacity increased by 19,000 tonnes or 2 percent from 1998 to 1999, and it remained stable in 2000. Over the years 1996 to 2001, practical capacity increased in every year, except in 2000, with the result that there was a net increase over the entire period of 52,000 tonnes, or 4 percent.

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[191] The increase in imports from Japan and Korea is likely linked to U.S. anti-dumping measures put in place in that year. *Transcript of Public Hearing*, Vol. 1, 25 June 2002, at 23, 24, 120, 121.

Total production for domestic market sales and export sales increased in 1999 and 2000 from 720,000 tonnes in 1998 to 769,000 and 796,000 tonnes respectively, before declining sharply to 573,000 tonnes, a decline of 28 percent, in 2001. A large part of production is exported. Exports declined in 1999 to 382,000 tonnes from 1998 levels of 413,000 tonnes, increased in 2000 and then fell off to 298,000 tonnes in 2001.

Capacity utilization increased slightly in 1999 and 2000 over 1998. It reached 64 percent in 2000, before dropping to 46 percent in 2001. The Tribunal notes that other long products, such as hot-rolled bar and, in the case of three domestic producers, reinforcing bars are produced on the same equipment.

b) Domestic Industry Market Performance Indicators

Table 39 shows the performance of the domestic industry in the Canadian market during the period 1996 to 2001.

Table 39
Domestic Industry Market Performance Indicators

	1996	1997	1998	1999	2000	2001
Apparent Market (tonnes)	440,685	577,198	634,318	675,121	740,607	643,831
Percent Change		31	10	6	10	(13)
Domestic Industry Sales (tonnes)	255,390	289,603	332,666	334,913	330,271	304,882
Percent Change		13	15	1	(1)	(8)
Market Share (%)	58	50	52	50	45	47
Average Delivered Selling Value ($/tonne)	596	620	676	613	619	577
Percent Change		4	9	(9)	1	(7)
Inventories (tonnes)	73,497	75,321	49,520	101,719	134,144	105,015

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-78, Administrative Record. Vol. 15 at 16-18.

The apparent Canadian market increased from 634,000 tonnes in 1998 to 675,000 tonnes in 1999, an increase of 41,000 tonnes, or 6 percent. In 2000, the market grew by a further 65,000 tonnes, or 10 percent, to reach 741,000 tonnes. In 2001, the market fell 13 percent to 644,000 tonnes. However, this level was still 203,000 tonnes or 46 percent higher than the level of 1996.

Data in Table 39 indicate that the domestic producers did not participate in the market growth between 1998 and 2000. The domestic industry's sales were relatively stable between 1998 and 2000, which resulted in a decline of market share of 7 percentage points. In 2001, when the market dropped by 13 percent and domestic sales decreased by 8 percent, the share of the market held by domestic producers increased to 47 percent, which was still 5 percentage points below the level of 1998.

The average delivered selling values of domestic product decreased by 9 percent in 1999 over 1998 and increased marginally in 2000 over 1999, reaching $619 per tonne. In 2001, the average unit selling values decreased by 7 percent to $577 per tonne, the lowest price over the entire period of inquiry. Thus, the domestic unit values declined by almost $100 per tonne, or 15 percent, between 1998 and 2001.

The domestic producers' level of inventory, as a percentage of domestic production, increased steadily from 7 percent in 1998 to 18 percent in 2001. Co-Steel's testimony indicated that the level for 2000 would have been affected by a buildup of inventory by that company to carry it through a period of labour action that began in late 2000 and continued into March 2001.

c) Employment and Related Indicators

Table 40 provides employment and related productivity indicators for the domestic producers of angles, shapes and sections for the period 1996 to 2001.

Table 40
Employment and Related Indicators

	1996	1997	1998	1999	2000	2001
Direct Employment	368	393	489	472	508	360
Total Employment	564	591	650	659	720	527
Hours Worked - Total Employment (000)	1,111	1,168	1,295	1,275	1,421	1,024
Productivity (tonnes/hour)	0.57	0.59	0.56	0.60	0.56	0.56
Average Hourly Wage Rate[1] ($/hour)	38	37	36	40	39	40

Note 1: Wages paid before deductions of any kind (e.g. Canada Pension Plan, Employment Insurance, union dues), including wages paid directly for overtime, holidays, vacations and sick leave.

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-78, Administrative Record, Vol. 15 at 19-20.

The total number of employees working in the angles, shapes and sections sector of the steel industry increased slightly in 1999 over 1998, and by a further 9 percent in 2000 over 1999. The number of employees then fell by 27 percent in 2001, the lowest level in the period of inquiry, a level 7 percent below the level of 1996. Testimony indicated that part of the decline was a result of job reductions at Co-Steel, as described below. The number of hours worked decreased by 2 percent in 1999 over 1998, and then increased by 11 percent in 2000 over 1999. In 2001, it fell by 28 percent.

Industry productivity was stable between 1998 and 2001 at 0.56 tonne per hour, except in 1999 where it rose to 0.60 tonne per hour. In 2001, industry productivity was close to the levels of 1996.

The average hourly wage rate increased from $36 in 1998 to $40 in 1999 and 2001. It fell slightly in 2000 to $39 per hour. In 2001, the average hourly wage rate was 5 percent higher than the level of 1996.

d) Financial Performance Indicators

Table 41 shows the financial performance indicators for the domestic producers of angles, shapes and sections.

Table 41
Financial Performance Indicators

	1996	1997	1998	1999	2000	2001
Net Commercial Sales Value ($/tonne)	596	620	676	613	619	577
Cost of Goods Sold ($/tonne)	428	424	423	415	437	438
Gross Margin ($/tonne)	168	196	253	198	182	138
Net Income Before Taxes ($/tonne)	66	97	129	93	61	5
Return on Investment[1] (% of fixed assets)	34.8	37.4	38.1	27.3	17.9	(1.4)
Cash Flow[1] ($000)	43,077	68,380	93,663	77,402	56,115	10,292

Note 1: Includes sales for export.

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-78, Administrative Record, Vol. 15 at 21, 23-24.

Most of the domestic industry's financial performance indicators worsened significantly in 1999 and 2000 and worsened further in 2001.

Between 1998 and 2000, on a per tonne basis, the net commercial sales value decreased by 8 percent, while the cost of goods sold rose 3 percent. Gross margin fell in both 1999 and 2000, by 28 percent in total; net income before taxes fell in both 1999 and 2000, decreasing from $129 per tonne in 1998 to $61 per tonne in 2000; return on investment fell each year, decreasing from 38 percent of fixed assets in 1998 to 18 percent in 2000; and the cash flow position of the industry fell each year, decreasing a total of 40 percent, from $94 million in 1998 to $56 million in 2000.

The domestic industry's financial performance continued to worsen in 2001. On a per tonne basis, the net commercial sales value decreased by 7 percent, gross margin fell by 24 percent, net income before taxes fell from $61 per tonne to $5 per tonne, return on investment fell from 18 percent of fixed assets to a loss of 1 percent and the cash flow position of the industry fell 82 percent, from $56 million to $10 million. In 2001, all these indicators were at their lowest levels for the period of inquiry. With respect to domestic producers' ability to raise capital or to invest, Co-Steel had to renegotiate its financing in 2001 after encountering difficulties that began in 2000, which it attributed to the increased imports. The adjustment required also resulted in a reduction in employment.[192]

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[192] *Transcript of Public Hearing*, Vol. 1, 25 June 2002, at 100, 101.

e) Tribunal's Conclusion on Serious Injury

On the basis of the preceding analysis of performance indicators, the Tribunal finds that the domestic producers of angles, shapes and sections suffered significant overall impairment and, thus, incurred serious injury. This injury took the form of reduced production and capacity utilization, sales, market share and prices, declining revenues, reduced gross margins and profits, deterioration in cash flow position and return on investments, as well as a decline in employment and hours worked.

The Tribunal has come to this conclusion after considering the injury to the domestic producers in the context of total production, including production for exports, internal consumption and domestic sales.

8. Principal Cause of Injury

a) Increased Imports

Table 42
Apparent Market and Price Indicators

	1996	1997	1998	1999	2000	2001
Apparent Market (tonnes)	440,685	577,198	634,318	675,121	740,607	643,831
Percent Change		31	10	6	10	(13)
Import Market Share (%)	42	50	48	50	55	53
Domestic Market Share (%)	58	50	52	50	45	47
Average Delivered Selling Value of Imports ($/tonne)	734	697	729	657	650	645
Percent Change		(5)	5	(10)	(1)	(1)
Average Delivered Selling Value of Imports from the United States ($/tonne)	745	708	766	717	786	740
Percent Change		(5)	8	(6)	10	(6)
Average Delivered Selling Value of Imports from the Rest of the World ($/tonne)	667	639	651	541	520	495
Percent Change		(4)	2	(17)	(4)	(5)
Average Delivered Selling Value of Domestic Product ($/tonne)	596	620	676	613	619	577
Percent Change		4	9	(9)	1	(7)

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-78, Administrative Record, Vol. 15 at 41.

The domestic industry submitted that increased imports were a principal cause of the serious injury. The importers and foreign producers of angles, shapes and sections argued that, on the contrary, any serious injury suffered by domestic producers was due to factors other than increased imports.

Imports of angles, shapes and sections into Canada increased by 36 percent in 2000 over 1998, with the result that their share of the market increased from 48 percent in 1998 to

55 percent in 2000. In fact, total imports into Canada of angles, shapes and sections during that period captured all the growth in the market, as well as a portion of the domestic producers' sales. Notwithstanding a decline in imports in 2001, imports were still at a level of 339,000 tonnes, well above the 1998 level of 302,000 tonnes. They maintained a market share that was close to that of 2000 and well above that of 1998. In 2001, import volumes and market share declined, while the share of the market held by domestic producers increased to 47 percent from 45 percent in 2000. This was still 5 percentage points below the levels attained in 1998, the base year determined by the Tribunal.

With respect to the impact of the increased imports on prices in the Canadian market, the Tribunal reviewed the average selling values in the *Pre-hearing Staff Report* and submissions and testimony on product mix. The evidence shows that domestic producers' sales of angles, shapes and sections consist of a high proportion of lower-priced commercial quality angles, shapes and sections, while total imports have a somewhat larger proportion of higher quality goods. This is particularly true with respect to imports originating in the United States, and it is reflected in the generally higher average prices of imports from the United States. Imports from the rest of the world are largely of commercial quality angles, shapes and sections.[193] The Tribunal's analysis of the impact on domestic producers of the prices of increased imports has taken into account these considerations and also the fact that there were significant differences in the trends in imports from the United States compared to the rest of the world between 1998 and 2001. Data in Table 42 show that, between 1998 and 2001, the average delivered selling value of total imports was higher than the average delivered selling value of domestic product. However, while U.S. average prices were always higher than domestic prices during this period, the situation was the opposite for import prices from the rest of the world.

Looking in more detail at price movements between 1998 and 2001, the evidence shows that the average selling prices of imports from the rest of the world dropped by $110 in 1999, by $21 in 2000 and by a further $25 in 2001. They fell steadily from a high of $651 per tonne in 1998 to a low of $495 per tonne in 2001. The average prices from the rest of the world were reasonably close to domestic prices in the base year of 1998, but they dropped to levels far below domestic average prices in 1999 and 2000, with differentials of $72 and $99 respectively. In 2001, the differential was still $82. According to testimony, while the mix of these imports is more heavily weighted towards the commodity market, they compete in both the commodity and speciality markets. The Tribunal is of the view that these import prices placed significant pressure on domestic prices across the product range. Domestic producers were forced to fight for market share through reduced prices.

Faced with increased volumes of imports during 1999 and 2000, domestic producers decreased their prices by 9 percent in 1999 and held them at about the same level in 2000. In 2001, seeing their sales volumes decreasing in a declining market, domestic producers testified that, in order to increase their market share, they further lowered their prices to keep their facilities producing at reasonable operating rates.[194] The Tribunal notes that the evidence indicates that inventories built-up in 2000, held particularly by steel service centres, a significant part of which were supplied by imports, were liquidated into a slower market in 2001, putting significant additional downward pressure on domestic prices.[195] The producers' average selling value decreased by a further 7 percent in 2001.

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[193] *Transcript of Public Hearing*, Vol. 1, 26 June 2002, at 5-6, 10, 26, 27.

[194] *Transcript of Public Hearing*, Vol. 1, 25 June 2002, at 26.

The Tribunal considers that the low selling values of angles, shapes and sections from the rest of the world were clearly a factor in leading to a decline in the domestic selling values in 2001.

With respect to the imports from the United States, it is clear from testimony that they compete with Canadian products in diverse ranges in both commodity and specialty areas. Data in Table 42 show that, between 1998 and 2001, the average delivered selling value of imports from the United States was higher than the average delivered selling value of domestic product. The evidence indicates that a high proportion of these imports from the United States consist of high value-added products, which have the effect of raising their average selling value. These higher selling values are explained by differences of product mix. For example, the Tribunal heard testimony that the price for beams up to 6 in. that are sold in large volume into the Canadian market were about $55 a tonne more than the commodity product sold by the domestic producers.[196] However, other evidence indicates that a significant share of imports, including high value-added products, were in fact competing directly with domestic products based on price. The Tribunal accepted the evidence given by both domestic producers and other witnesses that there was price-based competition between imports from the United States and domestic goods on equivalent products.[197] Given the high level of imports from the United States in total imports, the effect of this competition was particularly acute.

The Tribunal believes that the large volumes of imports entering Canada since 1999 from all sources directly affected the domestic producers of angles, shapes and sections. In the Tribunal's view, domestic producers had no choice but to respond to the competition that they faced from those imports and to reduce prices to protect production levels and to try to recover the market share that they had lost. This resulted in a significant decline in revenues, gross margins, net income before taxes and cash flow.

Based on this analysis, the Tribunal is persuaded that the increased imports in 1999 to 2000 were a major cause of serious injury to the domestic industry.

b) Other Causes of Injury

Having found that increased imports played a major role in the serious injury to domestic producers, the Tribunal examined other factors that may have contributed to the serious injury, to determine whether the impact of any other factor was greater than that of the increased imports.

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[195] *Transcript of Public Hearing*, Vol. 1, 25 June 2002, at 13-15, 44, 45, 121-125, 132, 133.

[196] *Transcript of Public Hearing*, Vol. 1, 25 June 2002, at 29, 30.

[197] *Transcript of Public Hearing*, Vol. 1, 25 June 2002, at 38, 101,138, 139, 150, 151.

Several parties submitted that there were indeed other factors that were more important causes of any serious injury to domestic producers. These included the decrease in demand and the effect of the general economic conditions in Canada in 2001, intra-industry competition and Co-Steel's labour and financial difficulties, particularly in 2001. In addition, it was submitted that domestic industry exports were a factor in the injury suffered.

i) Trends in Demand and Economic Conditions

Demand for angles, shapes and sections in 1999 and the early part of 2000 in Canada was strong, and this was due particularly to the strength of demand in Canadian residential construction, non-residential construction, durable capital goods and transportation industries. In late 2000 and in 2001, however, with the slow-down of economic activity in North America, the demand for angles, shapes and sections softened, as activity in many of these sectors slowed or declined.[198] As a result, the Tribunal notes that, in 2001, the apparent market declined by 97,000 tonnes, or 13 percent.

The Tribunal is of the view that a buildup in inventories in 2000 helps explain why the apparent market declined in 2001. The Tribunal heard testimony that, in the active market of early 2000, purchasers had built up significant inventories of angles, shapes and sections. This contributed to the increase in imports in that year. Excess inventories appear to have taken a relatively long time to dissipate, as the subsequent recovery in construction has been largely in housing rather than in non-residential construction.[199] Witnesses testified that the inventory correction was not completed until the beginning of 2002. During this time of reduced demand, steel service centres worked down their inventories by cutting back both their volume of imports and their purchases at domestic mills.[200] This was evidenced by the decrease in imports that took place in 2001. This reduction in purchases translated into a decline in the volume of sales in the apparent market.

Notwithstanding the inventory correction that occurred in 2001, it is clear that the decline in demand had an impact on producers' sales and prices. The Tribunal is of the view that part of the decline in prices, revenues, gross margins and overall profitability of the domestic industry is due to the softening of demand in late 2000 and in 2001. However, the Tribunal is not persuaded that the decline in demand has been as significant a factor as the increased imports in explaining the serious injury suffered by the domestic producers of angles, shapes and sections, which occurred during a longer period, from 1999 to 2001, which coincided with the period of increased imports.

ii) Intra-Industry Competition

Importers and foreign producers submitted that competition among Canadian producers was a major factor in the injury suffered by the domestic industry. However, the domestic producers maintained that, while competition among domestic producers might explain gain and loss of market share among domestic producers, it cannot explain why the domestic industry as a whole lost market share to imports over the period examined, especially in a period of rising demand.

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[198] *Transcript of Public Hearing*, Vol. 1, 10 June 2002, at 4-6, 13, 14, 72, 121-123.

[199] *Transcript of Public Hearing*, Vol. 1, 25 June 2002, at 21.

[200] *Transcript of Public Hearing*, Vol. 1, 25 June 2002, at 13-15, 44, 45, 121-125, 132, 133.

The Tribunal heard testimony that the severe price competition among domestic producers led to such low prices that imports withdrew from the market in 2001.[201] It was argued that mills outside Canada did not want to compete in the Canadian market at such low prices. However, the Tribunal notes that domestic average selling prices remained above those of imports from the rest of the world throughout the Tribunal's period of inquiry. As discussed above, these imports led the prices down in the Canadian market between 1999 and 2001. The Tribunal is of the view that the decline in domestic producers' selling values between 1999 and 2001 was largely in response to the pressure of the increase in imports in the Canadian market.

Therefore, the Tribunal is not persuaded that intra-industry competition was a significant factor in the injury suffered by the domestic producers.

iii) Co-Steel's Labour and Financial Difficulties

In addition to the softening of the Canadian economy and intra-industry competition, importers and foreign producers submitted that the injury suffered by domestic producers was mainly caused by the problems encountered by Co-Steel, the major producer of angles, shapes and sections.

A labour stoppage at Co-Steel began at the end of 2000 and continued into the first quarter of 2001. The Tribunal heard that Co-Steel continued to produce angles, shapes and sections on a limited scale during this time and, with the record levels of inventory built up at the end of 2000, the company was able to continue to supply its customers without difficulties.[202]

Even though Co-Steel may have been able to meet the customers' demand for angles, shapes and sections, the Tribunal considers that buyers would be faced with uncertainties with respect to the ability of Co-Steel to meet their needs. Some buyers would look for other sources of supply, including imports. In the Tribunal's opinion, this would explain some, but far from all, of the decline in domestic producers' sales.

The Tribunal also heard evidence that Co-Steel renegotiated its credit facilities in 2001. Co-Steel's witness testified that this forced the firm to be much more diligent in cash management in 2001, but it had no impact on the company's ability to extend credit to customers. The witness also indicated that the significant increase in low-priced imports affected Co-Steel's revenues and was the cause of the company's renegotiating its credit facilities. He added that this has led to a permanent reduction in Co-Steel's number of employees.[203]

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[201] *Transcript of Public Hearing*, Vol. 1, 25 June 2002, at 163.
[202] *Transcript of Public Hearing*, Vol. 1, 25 June 2002, at 68-71.
[203] *Transcript of Public Hearing*, Vol. 1, 25 June 2002, at 67, 68, 100, 101.

In view of the above, the Tribunal believes that the renegotiation of Co-Steel's credit facilities did not have much impact on its operations, while the work stoppage may have affected Co-Steel's ability to supply the market. However, this impact was limited because of the build up of inventory prior to the work stoppage and was confined to a few months of the period of increased imports. Accordingly, it was not as significant as that of the effects of the increased imports on the domestic industry since 1999.

The Tribunal also notes that Co-Steel had significantly increased its general, selling and administrative (GS&A) expenses per tonne in 2001 over 2000, and indeed over the base year of 1998. However, the Tribunal is persuaded that this increase in GS&A expenses was not responsible for greater injury to Co-Steel, and to the industry as a whole, in 2001 than the increase in imports.

iv) Deterioration in Export Performance

Parties opposed to the imposition of safeguard measures submitted that the injury experienced by the domestic industry in 2001 was attributable to the decline in export sales. Industry witnesses testified that, in that year, there were significant declines in demand in both construction and transportation-related applications. The construction slowdown was felt throughout North America, whereas the principal market for truck-trailer and railway materials is in the United States.

The data show that the domestic industry did incur a significant loss on its export sales in 2001, when volume dropped by 135,000 tonnes, or 31 percent, from 2000. However, the previous year, exports had risen 51,000 tonnes, or 13 percent, to reach their highest level during the period of inquiry. During the same period, absolute volumes of domestic sales remained relatively constant. Further, the exports were flourishing, reaching a record level in 2000, even while the industry was experiencing the two-year period of increased imports and the associated injury. The Tribunal has found the injury from increased imports to have continued through 2001. It is clear that the export volumes did not move concurrently with the patterns of domestic sales. The fall of demand in the export market did not occur until the third year that the impact of increased imports was being felt by the domestic industry.

The Tribunal believes that the diminution of demand in export markets caused injury to the industry in the form of reduced revenues, reduced production and mill loading, which increased per-unit fixed costs, reduced capacity utilization, caused losses in employment, reduced cash flow and diminished return on investments. Nevertheless, the injury caused by increased imports preceded the injury caused by decreased exports and, furthermore, persisted through 2001. The Tribunal, therefore, finds that the decreased exports were not a major cause of injury.

c) Tribunal's Conclusion on Principal Cause

Based on the above review of the other causes of serious injury to the domestic producers of angles, shapes and sections, the Tribunal is of the view that increased imports were a principal cause of the serious injury suffered by domestic producers.

The most significant other factor influencing the performance of the domestic producers was the decline in North American market demand in 2001. The Tribunal recognizes that, as demand fell, it had an impact on sales volume and prices of angles, shapes and sections. However, as discussed above, the Tribunal is not persuaded that its impact was greater than the effects of the increased imports on the domestic producers' performance. The other factors had less of an impact than the decline in North American market demand.

9. NAFTA and Other Free Trade Agreement Provisions

In accordance with the principles discussed in Chapter IV of this report, pursuant to the Order, and in accordance with sections 20.01, 20.02 and 20.03 of the CITT Act, the Tribunal conducted the following analysis with respect to imports from NAFTA countries, Israel or another CIFTA beneficiary, and Chile.

a) Substantial Share of Total Imports

In order to determine whether the imports of the goods from a NAFTA country, Israel or another CIFTA beneficiary, or Chile each account for a substantial share of total imports of those goods, the Tribunal analyzed import volumes of angles, shapes and sections by country.

Data on imports shown in the following table show that, for the most recent three-year period, the United States is the largest supplier of angles, shapes and sections to Canada, while Mexico, Israel or another CIFTA beneficiary, and Chile are not included among the top five suppliers of angles, shapes and sections. Accordingly, the Tribunal determines that the quantity of angles, shapes and sections imported from the United States accounts for a substantial share of total imports of goods of the same kind. The Tribunal further determines that the quantity of angles, shapes and sections imported from each of Mexico, Israel or another CIFTA beneficiary, and Chile does not account for a substantial share of total imports of goods of the same kind.

Table 43
Imports from the Top Five Countries and Total Imports

(tonnes)

	1996	1997	1998	1999	2000	2001	1999-2001
United States	159,888	238,908	202,819	223,931	199,879	206,599	630,409
Korea	14	71	3,519	13,973	55,242	31,900	101,115
Turkey	269	1,361	17,861	24,489	22,441	26,427	73,357
Japan	51	107	15,620	9,383	56,855	2,036	68,274
United Kingdom	5,522	15,196	17,766	14,841	12,216	7,001	34,058
Total Imports	185,295	287,595	301,652	340,208	410,470	338,815	1,089,493

Note: Listed in order of total imports for the period 1999 to 2001.

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-78, Administrative Record, Vol. 15 at 10.

b) Contribution to Serious Injury

i) United States

The U.S. mills argued that price is the driving consideration in purchasing decisions for these goods and that prices of imports from the United States could not be injurious because they were higher than domestic prices. The U.S. mills also submitted that there were no specific allegations of lost sales to or competition from imports from the United States and that the domestic industry has not taken the position that imports from the United States have caused serious injury. The domestic producers submitted that imports from the United States contributed significantly to the industry's serious injury.[204]

The Tribunal compared the growth rate of imports from the United States to that of total imports during the period of increased imports, 1999 to 2000. The Tribunal found that, although the growth rate in imports from the United States differed significantly from the growth rate of total imports from 1998 to 2000, the U.S. share of total imports was very large throughout the period. The Tribunal notes that the U.S. level of imports remained at a high level throughout the 1999 to 2000 period. Moreover, in terms of share, imports from the United States and the rest of the world retained their relative positions of roughly two thirds and one third of the imports, respectively, except in 2000 when imports from the United States were about half of total imports. Furthermore, as discussed above, there was evidence that imports from the United States played an important role in price-based competition in the market. As a result, the Tribunal is convinced that imports from the United States exercized considerable influence on the market and that, accordingly, the imports of angles, shapes and sections from the United States are clearly an important contributor to the serious injury suffered by the domestic producers.

ii) Mexico, Israel or Another CIFTA Beneficiary, and Chile

With respect to Mexico, the Tribunal notes that imports from Mexico into Canada decreased steadily between 1998 and 2000 and almost disappeared from the Canadian market in 2001. Imports from Mexico were not present in any significant way when the industry suffered serious injury between 1999 and 2001. Therefore, the Tribunal finds that these imports did not contribute importantly to the serious injury experienced by the domestic producers.

With respect to Israel or another CIFTA beneficiary, and Chile, they were not the source of any imports, and the Tribunal finds that neither the imports from Israel or another CIFTA beneficiary, nor those from Chile contributed importantly to the serious injury.

c) Injury Caused by Imports from the Rest of the World

Given the fact that imports from Mexico were very limited and decreased during the period of the significant increase in imports, and that there were no imports from Israel or another CIFTA beneficiary, and Chile, the Tribunal's finding that increased imports from all sources were a principal cause of serious injury is not changed by the exclusion from its determination of imports from Mexico, Israel or another CIFTA beneficiary, and Chile.

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[204] Reply submission related to injury filed by the Coalition of Canadian Steel Producers, Tribunal Exhibit GC-2001-001-650.02, Administrative Record, Vol. 15.8 at para 89.

Therefore, the Tribunal determines that angles, shapes and sections are imported from all sources other than Mexico, Israel or another CIFTA beneficiary, and Chile, in such increased quantities and under such conditions as to be a principal cause of serious injury to domestic producers of like or directly competitive goods.

Annex 31
HS Code Descriptions – Angles, Shapes and Sections

2001 HS Code		2001 Description
7216		Angles, shapes and sections of iron or non-alloy steel.
72161000		-U, I or H sections, not further worked than hot-rolled, hot drawn or extruded, of a height of less than 80 mm
		---U sections:
	7216100011	----American standard
	7216100012	----For motor vehicles or for ships
	7216100019	----Other
		---I sections:
	7216100021	----American standard
	7216100029	----Other
	7216100030	---H sections
		-L or T sections, not further worked than hot-rolled, hot-drawn or extruded, of a height of less than 80 mm:
721621		--L sections
72162110		---For use in ships, boats or floating structures
	7216211010	----Equal legs
	7216211020	----Unequal legs
72162190		---Other
	7216219010	----Equal legs
	7216219020	----Unequal legs
7216220000		--T sections
		-U, I or H sections, not further worked than hot-rolled, hot-drawn or extruded, of height of 80 mm or more:
721631		--U sections
72163110		---For use in ships, boats or floating structures
	7216311010	----Of a height of 80 mm or more but not exceeding 152.4 mm
	7216311010	
	7216311010	
	7216311020	----Of a height exceeding 152.4 mm
72163190		---Other
		----Of a height of 80 mm or more but not exceeding 152.4 mm
	7216319011	-----American standard
	7216319012	-----For motor vehicles
	7216319019	-----Other
		----Of a height exceeding 152.4 mm:
	7216319021	-----American standard
	7216319022	-----For motor vehicles
	7216319029	-----Other
721632		--I sections
72163210		---For use in ships, boats or floating structures; Not further manufactured than sand-blasted or coated with primer, for use in the manufacture of masts for fork-lift trucks
	7216321010	----Of a height of 80 mm or more but not exceeding 152.4 mm
72163290		---Other
	7216329010	----Of a height of 80 mm or more but not exceeding 152.4 mm
721633		--H Sections
72163310		---For use in ships, boats or floating structures; Of a height of less than 150 mm, for use in the manufacture of mines
		----Wide flange:
	7216331011	-----Of a height not exceeding 150 mm

2001 HS Code		2001 Description
	7216331020	----Bearing pile
		----Other
	7216331091	-----Of a height of 80 mm or more not exceeding 152.4 mm
72163390		---Other
		----Wide flange:
	7216339011	-----Of a height not exceeding 150 mm
	7216339020	----Bearing pile
		----Other:
	7216339091	-----Of a height of 80 mm or more not exceeding 152.4 mm
72164000		-L or T sections, not further worked than hot-rolled, hot-drawn or extruded, of a height of 80 mm or more
		----L sections, equal legs:
	7216400011	-----Of a height of 80 mm or more but not exceeding 152.4 mm
	7216400012	-----Of a height exceeding 152.4 mm
		----L sections, unequal legs:
	7216400021	-----Large leg of height of 80 mm or more but not exceeding 152.4 mm
	7216400022	-----Large leg of a height exceeding 152.4 mm
	7216400030	----T sections
721650		-Other angles, shapes and sections, not further worked than hot-rolled, hot-drawn or extruded
72165010		---For use in ships, boats or floating structures; Shapes or sections, with bevelled edge or edges, of a length of more than 3.65 m and either of a width of more than 25.4 cm or of a thickness of more than 3.5 cm, for use in the manufacture of cutting edges for bulldozer or angledozer blades, front-end shovel loader buckets, combination excavating and transporting scrapers, road graders or road scrapers; Track shoe profile bars of steel, of a width of 190 mm or more but not exceeding 350 mm and of a height not exceeding 150 mm, for use in the manufacture of track shoes for track-laying machinery or vehicles
	7216501010	----For use in ships, boats or floating structures
	7216501020	----Shapes or sections, with bevelled edge or edges, of a length of more than 3.65 m and either of a width of more than 25.4 cm or of a thickness of more than 3.5 cm, for use in the manufacture of cutting edges for bulldozer or angledozer blades, front-end shovel loader buckets, combination excavating and transporting scrapers, road graders or road scrapers
	7216501030	----Track shoe profile bars of steel, of a width of 190 mm or more but not exceeding 350 mm and of a height not exceeding 150 mm, for use in the manufacture of track shoes for track-laying machinery or vehicles
	7216501030	
7216509000		---Other
		-Angles, shapes and sections, not further worked than cold-formed or cold-finished:
7216610000		--Obtained from flat-rolled products
7216690000		--Other
		-Other:
721691		--Cold-formed or cold-finished from flat-rolled products
72169190		---Other
	7216919010	----L sections
	7216919020	----I or H sections
	7216919030	----U sections
		----Other:
	7216919091	-----Ribbed shapes
	7216919099	-----Other
721699		--Other

2001 HS Code		2001 Description
72169990		—Other
	7216999010	——L sections
	7216999020	——I or H sections
	7216999030	——U sections
		——Other:
	7216999091	———Ribbed shapes
	7216999099	———Other
722870		-Angles, shapes and sections
72287010		—For use in ships, boats or floating structures; H sections, of a height of less than 150 mm, for use in the manufacture of mine arches; The following, not further worked than hot-rolled, cold-rolled, drawn or extruded and for use in the manufacture of cutting edges for bulldozer or angledozer blades, front-end shovel loader buckets, combination excavating and transporting scrapers, road graders and road scrapers: Shapes or sections with bevelled edge or edges, of a length exceeding 3.65 m and either of exceeding 25.4 cm or of a thickness exceeding 3.5 cm; Semi-arrowhead shapes or sections, of a length exceeding 3.65 m and a width exceeding 20.3 cm; Track shoe profile bars of steel, of a width of 190 mm or more but not exceeding 350 mm and of a height not exceeding 150 mm, for use in the manufacture of track shoes for track-laying machinery or vehicles; U, I, or H sections, hot-rolled, cold-rolled, hot-formed, not further manufactured than sand-blasted or coated with primer, for use in the manufacture of masts for fork-lift trucks
		——L sections, not further worked than hot-rolled, cold-rolled, drawn or extruded:
	7228701011	———Equal legs
	7228701012	———Unequal legs
		——Wide flange H sections, not further worked than hot-rolled, cold-rolled, drawn or extruded:
	7228701021	———Of a height not exceeding 150 mm
	7228701030	——Other H sections, not further worked than hot-rolled, cold-rolled, drawn or extruded
		——I sections, not further worked than hot-rolled, cold-rolled, drawn or extruded:
	7228701041	———American standard of a height not exceeding 150 mm
	7228701049	———Other
	7228701050	——U sections, not further worked than hot-rolled, cold-rolled, drawn or extruded
	7228701060	——T sections, not further worked than hot-rolled, cold-rolled, drawn or extruded
	7228701070	——Z sections, not further worked than hot-rolled, cold-rolled, drawn or extruded
		——Other shapes or sections, not further worked than hot-rolled, cold-rolled, drawn or extruded:
	7228701081	———Bearing pile
	7228701082	———Curved grader blade sections
	7228701083	———Track shoe profile bars of steel, of a width of 190 mm or more but not exceeding 350 mm and of a height not exceeding 150 mm, for use in the manufacture of track shoes for track-laying machinery or vehicles
	7228701083	
	7228701089	———Other
	7228701090	——Other
72287090		—Other
		——L sections, not further worked than hot-rolled, cold-rolled, drawn or extruded:
	7228709011	———Equal legs

2001 HS Code	2001 Description
7228709012	-----Unequal legs
	----Wide flange H sections, not further worked than hot-rolled, cold-rolled, drawn or extruded:
7228709021	-----Of a height not exceeding 150 mm
7228709030	-----Other H sections not further worked than hot-rolled, cold-rolled, drawn or extruded
	----I sections, not further worked than hot-rolled, cold-rolled, drawn or extruded:
7228709041	-----American standard of a height not exceeding 150 mm
7228709049	-----Other
7228709050	----U sections, not further worked than hot-rolled, cold-rolled, drawn or extruded
7228709060	----T sections, not further worked than hot-rolled, cold-rolled, drawn or extruded
7228709070	----Z sections, not further worked than hot-rolled, cold-rolled, drawn or extruded
	----Other shapes or sections, not further worked than hot-rolled, cold-rolled, drawn or extruded
7228709081	-----Bearing pile
7228709082	-----Curved grader blade sections
7228709089	-----Other
	----Other:
7228709091	-----L sections
7228709092	-----H or I sections
7228709093	-----U sections
7228709099	-----Other

Source: *Customs Tariff*, 1996 to 2001.

Annex 32

Companies that Responded to the Tribunal's Importers' Questionnaire - Angles, Shapes and Sections

A.J. Forsyth, A Division of Russel Metals Inc.
Alberta Industrial Metals Ltd.
(formerly Red Deer Industrial Metals Ltd.)
Barzelex Inc./Novosteel S.A.
Commercial Metals Company
Corus America Inc.
Dominion Steel Ltd.
Earle M. Jorgensen (Canada) Inc.
Ferrostaal Metals Ltd.
Horton CBI, Limited
Ispat Sidbec Inc.
Jersey Shore Steel Company
Le Groupe Canam Manac Inc.,
Division Les Aciers Canam (Canada)
Marubeni-Itochu Steel Canada Inc.
Mitsubishi International Steel Inc.
Mitsui & Co. (Canada) Ltd. – Toronto
Mitsui & Co. (Canada) Ltd. – Vancouver
Russel Metals Inc.
Salzgitter Trade, Inc.
Thyssen Canada Limited – Trading Division
TradeARBED Canada Inc.
Usinor Canada Inc.
Wirth Steel, A General Partnership

Annex 33

Companies that Responded to the Tribunal's Foreign Producers' Questionnaire - Angles, Shapes and Sections

China
China Iron and Steel Association / China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters

European Union
Corus Construction & Industrial
Corus Special Profiles
Salzgitter AG Stahl und Technologie

Japan
Nippon Steel Corporation
NKK Corporation

Korea
Dongkuk Steel Mill Co., Ltd.
INI Steel Company

New Zealand
BHP New Zealand Steel Limited

Russia
JSC Severstal

South Africa
Iscor Limited

Turkey
Kaptan Demir Celik Industrisi

United States
Nucor Corporation

Annex 34

Companies that Responded to the Tribunal's Market Characteristics Questionnaire - Angles, Shapes and Sections

Steel Service Centres

Crawford Metal Corp.

Pacific Steel Inc.

York Steel Inc.[1]

C.W. Carry Ltd[2]

Wholesaler/Distributor

Dymin Steel Inc.

End Users

Dreco

Le Groupe Canam Manac Inc.,
Division Les Aciers Canam (Canada)

Au Dragon Forgé Inc.

Ocean Steel & Construction Ltd.

Note 1: This company is also an end-user.
Note 2: This company is also a fabricator.

Annex 35
Submissions - Angles, Shapes and Sections

Participants that Filed Injury Submissions

Company

Coalition of Canadian Steel Producers

Acindar S.A.

Aker Maritime Kiewit Contractors

Corus America Inc. and Corus Group plc

Highveld Steel and Vanadium Corporation Limited, New Zealand Steel Limited, Ferrostaal Metals Ltd., Knightsbridge International Corp., Salzgitter AG, Salzgitter Trade, Inc., Thyssen Canada Limited, Hoesch Hohenlimburg GmbH, ThyssenKrupp Electrical Steel GmbH, BHP Steel Americas, Inc., BHP Steel Ltd., TradeARBED Canada Inc., ThyssenKrupp Steel North America, Inc., ThyssenKrupp Stahl AG, Thyssen AST USA, Inc., ThyssenKrupp Electrical Steel AST S.p.A., Wirth Steel, A General Partnership, Yieh Phui Enterprise Co. Ltd., Olbert Metal Sales Limited and CCC Steel GmbH

Iscor Limited and Macsteel International (Canada) Limited

Istanbul Ferrous and Non-Ferrous Metals Exporters' Association, Borçelik Çelik Sanayii Ticaret A.S., Borusan Birlesik Boru Fabrikalari A.S., Çebi Metal Sanayi ve Ticaret A.S., Çolakoglu Metalurji A.S., Diler Iron and Steel Works Inc., Eregli Iron and Steel Works Co., HABAS Sinai ve Tibbi Gazlar Istihsal Endustrisi A.S., IÇDAS Çelik Enerji Tersane ve Ulasim Sanayii A.S., Mannesmann Boru Endustrisi T.A.S. and Kaptan Demir Çelik Endustrisi ve Ticaret A.S.

Midland Steel Ltd.

Annex 36
Witnesses - Injury Hearing - Angles, Shapes and Sections

Witness	Title / Company
Domestic Producers	
Garry Leach	President Gerdau MRM Steel Inc.
Scott Meaney	Manager, Marketing and Sales Gerdau MRM Steel Inc.
Terry G. Newman	President and Chief Executive Officer Co-Steel Lasco Inc.
John F. MacLean	Vice-President Sales, Merchant Products Co-Steel Lasco Inc.
Glen A. Beeby	Vice-President Finance Gerdau Courtice Steel Inc.
Bruce Labelle	Regional Sales Manager (Canada) Gerdau Courtice Steel Inc.
Others	
Jeffrey W. Hoye	President Field Commercial Team Corus America Inc.
Russell MacKay	Purchasing Dreco
Luc Pelland	Vice-President, Supplies Le Groupe Canam Manac
Gregory E. Cox	J.E.D. Metal Sales Inc. Salzgitter Trade, Inc.

CHAPTER XI

COLD-DRAWN AND FINISHED BARS AND RODS

1. Tribunal's Determination on Increased Imports and Serious Injury

On July 4, 2002, the Tribunal determined that carbon and alloy steel cold-drawn and finished bars and rods are not being imported into Canada from all sources in such increased quantities since the beginning of 1996, and under such conditions, as to be a principal cause of serious injury or threat thereof to domestic producers of like or directly competitive goods.

2. Product and Market

a) Product Description and Use

Carbon and alloy steel cold-drawn and finished bars and rods are the goods subject to this safeguard inquiry. The Schedule of Specified Goods in the Order indicates that the cold-drawn and finished bars and rods include alloy tool and mould steel bars. It excludes stainless grades of long steel products.

Products of this description are referred to throughout as cold-drawn and finished bars and rods.

Cold-drawn and finished bars and rods are produced from hot-rolled bars, including "leaded" grades of hot-rolled bar. The bars and rods are cold drawn and finished to improve their surface finish, dimensional accuracy, machinability and mechanical properties. Cold drawing involves drawing a descaled bar through a die, while finishing can include turning, grinding and polishing. One of the main uses of cold-drawn and finished products is in automotive applications.

Chapter III of this report provides the methodology used to determine the HS Codes under which the subject goods may be imported. The HS Codes and the tariff descriptions for cold-drawn and finished bars and rods can be found in Annex 37 to this chapter

b) Domestic Producers

The four domestic producers of cold-drawn and finished bars and rods are Laurel Steel, a division of Harris Steel Ltd. (Laurel), Union Drawn Steel II Ltd. (Union Drawn), Canadian Drawn Steel Company Inc. (Canadian Drawn) and Slater Steel Inc. (Slater). In 2001, these four producers together produced approximately 206,000 tonnes of cold-drawn and finished bars and rods. Export sales accounted for 47 percent of production in 2001.

Laurel is located in Burlington, Ontario. Laurel produces cold-finished steel, industrial and plating quality wire, and welded wire fabric.

Union Drawn and Canadian Drawn are both located in Hamilton Ontario. Canadian Drawn is a division of Republic Technologies International of Fairlawn, Ohio, United States.

Slater produces cold-drawn and finished bars and rods at Sorel Forge Inc. (Sorel Forge), Sorel, Quebec, and, as of August 2000, at Atlas Specialty Steels, Welland, Ontario. Sorel Forge produces mould, tool and die, and alloy steels in various long-product shapes, while Atlas Speciality Steels produces stainless, aerospace, tool, mining and engineering long products.

Laurel, Union Drawn and Canadian Drawn produce only cold-drawn and finished bars and rods on the equipment used to produce those goods, while Slater produces other products on the equipment used to produce cold-drawn and finished bars and rods.

c) Importers

The Tribunal received 17 questionnaire replies from companies that reported having imported cold-drawn and finished bars and rods during the safeguard inquiry period, 1996 to 2001. A list of those companies can be found in Annex 38 to this chapter.

The top 10 importers of cold-drawn and finished bars and rods during the last three years of the safeguard inquiry period accounted for around 47 percent of the total imports of cold-drawn and finished bars and rods. Of those imports, 69 percent originated in the United States and 31 percent in the rest of the world. The top five major importers in 2001 were H. M. Long Co., Earle M. Jorgensen (Canada) Inc., A. M. Castle & Co. (Canada) Inc., Eagle Bar Inc. and Atlas Ideal Metals Inc.

d) Foreign Producers

The Tribunal received six responses from foreign producers of cold-drawn and finished bars and rods. A list of those respondents to the Foreign Producers' Questionnaire can be found in Annex 39 to this chapter.

e) Users

The Tribunal received 18 questionnaire replies from various service centres and users of cold-drawn and finished bars and rods. A list of these companies can be found in Annex 40 to this chapter.

The respondents were companies involved in the following industry sectors: construction, automotive, hydraulic cylinders, hose couplings, steel tube fittings, screw machine products and tool, die and mould applications. Various companies submitted that end-use products, such as conveyors, robotics, machinery, die casting, screw machine, hose couplings, steel tube fittings, bearings, shafts, travelling blocks and tools, dies and moulds, demand exacting specifications.

f) Marketing and Distribution

Laurel, Union Drawn and Canadian Drawn sell anywhere from 25 percent to 65 percent of their production to original equipment manufacturers, such as auto part manufacturers, agricultural equipment manufacturers and computer equipment producers. The other part of their production is sold to service centres/distributors. Slater sells all of its production to service centres/distributors. Service centres, in turn, sell to smaller distributors and manufacturers.

3. Like or Directly Competitive Goods

The principles applicable to the analysis to determine whether products are "like or directly competitive goods" are set out in Chapter IV of this report. On the basis of the evidence on the record and for the purpose of this inquiry, the Tribunal finds that domestically produced cold-drawn and finished bars and rods, of the same description as the subject goods, constitute like or directly competitive goods to the subject goods.[205]

4. Determination on Domestic Producers

Canadian Drawn, Laurel, Slater and Union Drawn are the producers as a whole of cold-drawn and finished bars and rods in Canada. The Tribunal's injury analysis has been based on the evidence relating to the above-mentioned domestic producers. In this report, they are sometimes referred to as the "domestic industry".

5. Increased Imports

Table 44 shows the volumes of cold-drawn and finished bars and rods imported into Canada for the years 1996 to 2001 and the volume of domestic production for the same period.

Table 44
Imports and Domestic Production

	1996	1997	1998	1999	2000	2001
Imports (tonnes)	57,974	75,760	70,984	82,481	94,909	81,432
Percent Change		31	(6)	16	15	(14)
Production (tonnes)	196,478	214,170	216,566	237,780	235,524	205,705
Percent Change		9	1	10	(1)	(13)
Imports as a Percentage of Production (%)	29.5	35.4	32.8	34.7	40.3	39.6

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-92, Administrative Record, Vol. 17 at 9; *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-92B, Administrative Record, Vol. 17 at 32.8.

Parties opposing the imposition of safeguard remedies argued that there were no recent, sudden, sharp and significant increases in imports into Canada. It was submitted that there has not been a recent increase and, in fact, imports declined by 14 percent from 2000 to 2001.

The Tribunal reviewed the import trends during the entire period of inquiry and determined that there was a recent, sudden, sharp and significant increase in the absolute volume of imports in 1999 and 2000 over 1998, the base year.[206] A review of Table 44 shows that, in absolute terms, imports of cold-drawn and finished bars and rods into Canada increased by 16 percent from the base year of 1998 to 1999 and by a further 15 percent from 1999 to 2000. In 2001, the volume of imports fell to just below the 1999 volume, but remained significantly above the levels for both 1998 and 1996. The level of imports for the first quarter of 2002 was less than the level for the first quarter of 2001, but nonetheless remained close to the 1997 level.[207] The Tribunal finds that the increase in imports of 11,000 tonnes between 1998 and 1999, and the additional increase of 12,000 tonnes between 1999 and 2000, was a significant increase in imports into Canada of cold-drawn and finished bars and rods.

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[205] *Transcript of Public Hearing*, Vol. 1, 28 June 2002, at 12-18, 110-12; *Pre-hearing Staff Report on Market Characteristics*, Tribunal Exhibit GC-2001-001-92.02, Administrative Record, Vol. 17 at 42-49.

[206] The period 1999 to 2001 was determined by the Tribunal to be a period of significantly increased imports and was the period during which the Tribunal evaluated the impact of the increased imports on the domestic industry's performance. Accordingly, the Tribunal determined that the base year for comparison purposes was 1998.

From 1998 to 1999, the domestic industry's production of cold-drawn and finished bars and rods increased by 10 percent, or 6 percentage points less than the growth in imports. During the period 1999 to 2000, the domestic industry's production decreased by 1 percent while imports grew by 15 percent. The volume of imports as a percentage of production increased from 33 percent in 1998 to 35 percent in 1999 and to 40 percent in 2000 and 2001, an increase of 7 percentage points over 1998.

Accordingly, the Tribunal concludes that there was a recent, sudden, sharp and significant increase in imports of cold-drawn and finished bars and rods in 1999 and 2000 over 1998 both in absolute terms and relative to domestic production of cold-drawn and finished bars and rods.

6. Unforeseen Developments

Having found that there was a significant increase in imports in 1999 and 2000, the Tribunal must now determine whether the increased imports resulted from unforeseen developments.

The domestic industry submitted that import penetration into the Canadian market was due to a number of unforeseen developments, among them an extensive global overcapacity and overproduction in steel products, the Asian economic crisis and the collapse of certain economies in Eastern Europe. Other parties submitted that these developments were not "unforeseen" and could not be linked to the increase in imports.

The Tribunal finds that the significant increase in imports in 1999 and 2000 was due to a number of unforeseen developments. The Asian crisis, the Japanese economic slowdown and the collapse of the Russian and Commonwealth of Independent States economies, with the resulting economic turmoil, weakened many economies in Asia and Eastern Europe. Steel producers loaded their mills in order to sustain production and employment levels and to maintain cash flow. Because their domestic markets weakened significantly, they were forced to sell a higher proportion of their production into export markets. These developments, linked with overcapacity and overproduction, have had an impact which affected steel producers throughout the world. This global impact spilled over into North American markets, placing pressure on U.S. producers as well.[208]

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[207] *Pre-hearing Staff Report – Supplemental Data,* Tribunal Exhibit GC-2001-001-92A, Administrative Record, Vol. 17 at 32.4.

[208] Tribunal Exhibit GC-2001-001-168.21 (single copy exhibit), Administrative Record, Vol. 1M at 196-201.

It is the view of the Tribunal that the impact of global developments was felt in the world steel market for most of the period of inquiry. All these developments have had major implications for global steel trade and were a significant factor leading to increased steel exports to Canada in 1999 and 2000.[209]

The impact of weakening home markets has manifested itself specifically in increased exports of cold-drawn and finished bars and rods to Canada from many countries at various points during the period of inquiry.[210] While there were increases in imports from some of the countries in Asia and Eastern Europe that were significant in percentage terms, the pressure of global events was more apparent in exports to Canada from countries outside these regions. In 1999, imports from the United States increased by 9,700 tonnes, accounting for 84 percent of the increase in total imports in that year and, in 2000, combined imports from the United Kingdom, Germany and Spain increased by 11,000 tonnes, accounting for 91 percent of the increase in total imports in that year.

Accordingly, the Tribunal finds that the significant increase in imports into Canada resulted from the unforeseen developments in the world steel market, with respect to cold-drawn and finished bars and rods in particular.

7. Serious Injury Analysis

In determining whether serious injury has occurred, the Tribunal examined the factors listed in Chapter IV of this report. These factors are discussed in detail below with a particular focus on developments since 1998, the base year, but also placing them in the context of the total period of inquiry.

a) Production, Capacity and Capacity Utilization

Table 45 shows the practical capacity and production volumes of cold-drawn and finished bars and rods in Canada for the years 1996 to 2001.

Table 45
Domestic Production Indicators

	1996	1997	1998	1999	2000	2001
Practical Capacity (tonnes)	393,647	393,356	451,534	567,135	568,180	600,524
Total Production (tonnes)	196,478	214,170	216,566	237,780	235,524	205,705
Percent Change		9	1	10	(1)	(13)
Capacity Utilization Rate (%)	50	54	48	42	41	34

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-92B, Administrative Record, Vol. 17 at 32.8.

Practical capacity increased by 116,000 tonnes, or 26 percent, from 1998 to 1999, by 1,000 tonnes in 2000 and by 32,000 tonnes, or 6 percent, in 2001. In earlier years, the most significant change occurred in 1998 when capacity increased by 58,000 tonnes, or 15 percent. Over the entire period, capacity increased by 207,000 tonnes, or 53 percent.

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[209] Expert Report, *Canadian Steel Industry: An Economic Industry Study*, Tribunal Exhibit GC-2001-001-178.01, Administrative Record, Vol. 1C at 199, 217, 218.

[210] *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-92, Administrative Record, Vol. 17 at 11.

Total production reached a peak of 238,000 tonnes in 1999 after increasing in 1997 and 1998. This represents an increase of 21 percent over 1996. The volume of production declined slightly in 2000 and sharply in 2001 to a level 13 percent below the peak of 1999 and 5 percent above the level of 1996.

Capacity utilization for cold-drawn and finished bars and rods increased from 50 percent in 1996 to a peak of 54 percent in 1997. Utilization then declined in each subsequent year to reach 34 percent in 2001.

b) Domestic Industry Market Performance Indicators

Table 46 shows the size of the Canadian market and certain market performance indicators for the domestic industry.

Table 46
Domestic Industry Market Performance Indicators

	1996	1997	1998	1999	2000	2001
Apparent Market (tonnes)	167,630	198,296	191,240	212,510	218,489	188,093
Percent Change		18	(4)	11	3	(14)
Domestic Industry Sales (tonnes)	109,660	122,575	120,213	130,068	123,583	106,663
Percent Change		12	(2)	8	(5)	(14)
Market Share (%)	65	62	63	61	57	57
Average Delivered Selling Value ($/tonne)	1,267	1,262	1,277	1,269	1,232	1,230
Percent Change		0	1	(1)	(3)	0
Inventories (tonnes)	17,903	17,778	18,076	21,528	22,385	25,445

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-92, Administrative Record, Vol. 17 at 16-18.

The apparent Canadian market increased in 1999 by 21,000 tonnes to 213,000 tonnes, an increase of 11 percent over the level of 1998. In 2000, the market increased a further 6,000 tonnes, or 3 percent, before the gains of the previous two years were more than reversed in 2001 by a decline of 14 percent to 188,000 tonnes. The volume of the apparent market in 2001 was 20,000 tonnes, or 12 percent more than it was in 1996.

The data in Table 46 indicate that the domestic producers did not benefit greatly from the growth in the market in 1999 and 2000. Although their sales did increase, the producers' market share declined by 2 percentage points to 61 percent in 1999 and by a further 4 percentage points to 57 percent in 2000. In 2001, when the market declined by 14 percent, producers' sales declined in step with the market and the producers retained a market share of 57 percent. The producers' market share in 2000 and 2001 was 8 percentage points lower than it was in 1996 and 6 percentage points lower than it was in 1998.

The average delivered selling value of domestic cold-drawn and finished bars and rods decreased by 1 percent in 1999 over 1998 to $1,269 per tonne. There was a further decline of 3 percent in 2000 to $1,232 per tonne and, then, the average selling value levelled out at $1,230 per tonne in 2001. The average selling value in 2001 was $37, or 3 percent less than it was in 1996 and 4 percent less than it was in 1998.

The volume of inventories of cold-drawn and finished rods and bars held by producers increased from 8 percent of production in 1998 to 9 percent of production in 1999. Subsequently, producers' inventories increased to 10 percent of production in 2000 and 12 percent of production in 2001, 4 percentage points higher than in 1998.

c) Employment and Related Indicators

Table 47 shows employment and related productivity indicators for domestic producers of cold-drawn and finished bars and rods for the years 1996 to 2001.

Table 47
Employment and Related Indicators

	1996	1997	1998	1999	2000	2001
Direct Employment	535	540	532	545	546	526
Total Employment	729	722	721	727	723	698
Hours Worked - Total Employment (000)	1,270	1,239	1,240	1,242	1,242	1,138
Productivity (tonnes/hour)	0.12	0.14	0.14	0.15	0.15	0.15
Average Hourly Wage Rate[1] ($/hour)	33	33	34	35	34	35

Note 1: Wages paid before deductions of any kind (e.g. Canada Pension Plan, Employment Insurance, union dues), including wages paid directly for overtime, holidays, vacations and sick leave.

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-92, Administrative Record, Vol. 17 at 19-20.

From 1998 to 2001, total employment in the cold-drawn and finished bars and rods sector of the steel industry decreased by 23 employees, or 3 percent, while, from 1996 to 2001, total employment decreased by 31 employees, or 4 percent. Total hours worked were fairly stable from 1998 to 2000 and then declined by 8 percent in 2001 to a level of 1.1 million hours. The total number of hours worked, in 2001, was 132,000 hours, or 10 percent, less than the number of hours worked in 1996, and 8 percent less than the number of hours worked in 1998.

Industry productivity measured in tonnes per hour worked increased in 1997 and remained stable in 1998. It increased again in 1999 and remained stable in 2000 and 2001.

The average hourly wage rate was $33 in 1996 and 1997, and then fluctuated between $34 and $35 per hour over the years 1998 to 2001.

d) Financial Performance Indicators

Table 48 shows financial performance indicators for the domestic producers of cold-drawn and finished bars and rods.

Table 48
Financial Performance Indicators

	1996	1997	1998	1999	2000	2001
Net Commercial Sales Value ($/tonne)	1,259	1,241	1,254	1,258	1,213	1,207
Cost of Goods Sold ($/tonne)	1,063	1,041	1,069	1,025	1,017	1,018
Gross Margin ($/tonne)	196	199	186	233	196	190
Net Income Before Taxes ($/tonne)	82	117	112	159	120	108
Return on Investment (% of fixed assets)[1]	49.4	65.8	71.1	73.8	51.8	37.8
Cash Flow[1] ($000)	25,559	38,796	44,485	50,511	43,575	34,614

Note 1: Includes sales for export.

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-92 Administrative Record, Vol. 17 at 21, 23-24.

Net commercial sales values remained relatively stable over the period of inquiry. In 1999, the first year of significant increase in imports, the net commercial sales value increased by $4 per tonne to $1,258 per tonne. In 2000, the sales value declined by 4 percent, the largest change in the period of inquiry, to $1,213 per tonne. In 2001, the sales value declined further by $6 per tonne to $1,207 per tonne.

The cost of goods sold decreased by 4 percent to $1,025 per tonne in 1999. This was followed by a further small decline to $1,017 per tonne in 2000. In 2001, the level remained basically stable.

The gross margin, on both a total and per tonne basis, reached its peak in 1999, the first year of significantly increased imports. The total gross margin increased by 36 percent over 1998, while the increase on a per tonne basis was 25 percent to $233 per tonne. The total gross margin declined by 19 percent in 2000; nonetheless, it was the second highest gross margin of the period of inquiry. Similarly, the gross margin per tonne declined by 16 percent in 2000, but, at $196 per tonne, was higher than the level in 1998 and in line with the level in 1996. The total gross margin declined by a further 17 percent in 2001, but still remained close to the level of 1996. In 2001, the gross margin per tonne of $190 was higher than the level in 1998.

Net income before taxes also reached a peak in 1999, both in total and on a per tonne basis. Total net income increased by 53 percent over 1998 and net income per tonne increased by 42 percent over 1998 to $159 per tonne. Total net income declined by 27 percent in 2000, while net income per tonne declined by 25 percent; nonetheless, these were the second highest net income levels in the period of the inquiry. The total net income declined by a further 23 percent in 2001, but remained above the 1996 level and close to the 1998. Similarly, the net income per tonne declined by 10 percent in 2001 to $108, but remained higher than the 1996 level and close to the 1998 level.

The return on investment increased by 2.7 percentage points in 1999 to reach a peak of 73.8 percent and then declined to 51.8 percent in 2000 and 37.8 percent in 2001.[211] Cash flow peaked at $50.5 million in 1999 and then declined to $43.6 million in 2000, close to the 1998 level, and to $34.6 million in 2001, 35 percent greater than the 1996 level.

With respect to the domestic producers' ability to raise capital or to invest, the evidence did not indicate any significant impact between 1999 and 2001.

e) Tribunal's Conclusion on Serious Injury

The Tribunal concludes that the industry has suffered injury, evidenced by declines in the domestic industry's production, capacity utilization, sales, market share, gross margins, net income, return on investments and cash flow. This injury began in 2000, the second year in which the significant increase in imports occurred.

However, the Tribunal considers that the amount of injury suffered by the industry is not sufficient to cause significant overall impairment to the domestic producers. The industry remains profitable despite the injury suffered. The industry's gross margin per tonne in 2001 is greater than in 1998 and is only somewhat less than it was in 1996. Its net income in 2001 is only marginally lower than it was in 1998.

The Tribunal also notes that there was a 26 percent increase in factory overhead over the period of inquiry, from $190 per tonne in 1996 to $239 per tonne in 2001. This increase exceeds the amount that would normally result from the 3 percent net decrease in sales volume over the period. Absent the increases in factory overhead, gross margin, net income, return on investments and cash flow would have been greater.

8. Threat of Serious Injury

Since the Tribunal determined that the domestic producers of cold-drawn and finished bars and rods have not suffered serious injury, it must determine if there is a threat of serious injury caused by the increase in imports.

According to testimony, the major users of cold-drawn and finished bars and rods include a wide range of industries, such as automotive, appliance, aerospace, computer, oil and gas, agricultural equipment, pulp and paper and lumber.[212] Witnesses indicated that, so far this year, demand in the automotive sector, one of the major users of cold-drawn and finished bars and rods, had been better than predicted.[213] Witnesses also indicated that demand in the oil and gas sector is expected to pick up as the year goes on, although it is currently flat.[214] Service centre witnesses indicated that Canadian prices for cold-drawn and finished bars and rods were rising and that delivery lead times for Canadian mills are being stretched.[215]

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[211] The return on investments and cash flow figures also include the results of the producers' export sales, which accounted for anywhere from 43 to 47 percent of the producers' total sales of cold-drawn and finished bars and rods from 1996 to 2001.

[212] *Transcript of Public Hearing*, Vol. 1, 28 June 2002, at 28-29, 31-32, 35-36.

[213] *Transcript of Public Hearing*, Vol. 1, 28 June 2002, at 29, 124-25, 128.

Based on the foregoing evidence, the Tribunal concludes that the demand for cold-drawn and finished bars and rods is improving. Thus, current market conditions do not suggest that there is a risk of serious injury due to the current high level of imports.

However, the Tribunal also needs to consider whether there is evidence that the current volume of imports is likely to increase further in the near future to the extent that, at an augmented volume, imports are likely to be a principal cause of serious injury. In considering this issue, the Tribunal is mindful that a determination of threat is to be based on "fact" and not "conjecture".[216]

The Tribunal first considered the current and likely future impact on imports of the U.S. Section 201 safeguard measures. The domestic industry argued that the U.S. safeguard measures would divert imports of cold-drawn and finished bars and rods away from the United States into the Canadian market. In response to questions from the Tribunal, witnesses for the industry referred to recent import price offerings, but were not able to demonstrate that imports of cold-drawn and finished bars and rods have actually been diverted into Canada as a result of the U.S. safeguard measures.[217]

The Tribunal also heard testimony on conditions in the U.S. market that suggests diversion from the United States is not imminent. An importer witness indicated that his company continues to sell into the U.S. market despite the safeguard measures in place.[218] As well, the Tribunal heard testimony concerning a significant reduction in the production capacity of one U.S. producer of cold-drawn and finished bars and rods that has decreased U.S. supply.[219] In addition, there was testimony that the prices of hot-rolled bars, the major raw material input in the production of cold-drawn and finished bars and rods, have increased in the U.S market since the safeguard measures.[220] These increases, in turn, place upward pressure on the prices of cold-drawn and finished bars and rods and would help offset the impact of the safeguard tariffs for importers.

Thus, the evidence on the record does not lead to the conclusion that the diversion of imports of cold-drawn and finished rods and bars originally destined for the United States is occurring now or is imminent.

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[214] *Transcript of Public Hearing*, Vol. 1, 28 June 2002, at 30, 128, 165.

[215] *Transcript of Public Hearing*, Vol. 1, 28 June 2002, at 131-32.

[216] *United States Safeguard Measures on Imports of Fresh, Chilled or Frozen Lamb Meat from New Zealand and Australia*, WT/D5177/AB/R (21 December 2000).

[217] *Transcript of Public Hearing*, Vol. 1, 28 June 2002, at 57- 61.

[218] *Transcript of Public Hearing*, Vol. 1, 28 June 2002, at 124-25.

[219] *Transcript of Public Hearing*, Vol. 1, 28 June 2002, at 128-29.

[220] *Transcript of Public Hearing*, Vol. 1, 28 June 2002, at 84, 132-33.

The Tribunal also considered the likelihood of diversion of imports from the European Union. A witness whose company's mills are located in the European Union indicated that the provisional measures recently implemented by the European Union have placed no restrictions on imports of cold-drawn and finished bars and rods. The Tribunal also heard testimony that the demand for cold-drawn and finished bars and rods, from a European perspective, is expected to increase by 2 percent to 3 percent over the next 12 months. This testimony indicated that prices were starting to go up already and that the expectation was that prices would rise between 20 and 30 Euros per tonne imminently.[221]

Accordingly, the Tribunal concludes that the facts on the record do not support the conclusion that the current volume of imports is likely to increase significantly in the near future.

Based on the above review of the evidence, the Tribunal finds that the facts do not support the conclusion that the increased imports are a principal cause of a threat of serious injury.

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[221] *Transcript of Public Hearing*, Vol. 1, 28 June 2002, at 135-36.

Annex 37
HS Code Descriptions - Cold-drawn and Finished Bars and Rods

2001 HS Code		2001 Description
7215		Other bars and rods of iron or non-alloy steel.
72151000		-Of free-cutting steel, not further worked than cold-formed or cold-finished
	7215100010	——Flat bars
	7215100020	——Rounds
	7215100030	——Squares
	7215100040	——Hexagons
	7215100090	——Other
72155000		-Other, not further worked than cold-formed or cold-finished
	7215500010	——Flat bars
		——Rounds:
	7215500021	———Ground, turned or polished
	7215500029	———Other
	7215500030	——Squares
	7215500040	——Hexagons
	7215500090	——Other
72159000		-Other
	7215900010	——Chrome plated
	7215900090	——Other
7228		Other bars and rods of other alloy steel; angles, shapes and sections, of other alloy steel; hollow drill bars and rods, of alloy or non-alloy steel.
722810		-Bars and rods, of high speed steel
7228101000		—To specification AISI type M1, M2, M4, M7, M42 or T15, not further manufactured than centreless ground or peeled, for use in the manufacture of tools of heading No.82.07, for metal working hand tools or for metal working machine-tools
		—Other:
7228109900		——Other
722820		-Bars and rods, of silico-manganese steel
72282090		—Other
	7228209010	——Cold-drawn or cold-finished
722850		-Other bars and rods, not further worked than cold-formed or cold-finished
7228501000		—For use in the manufacture of drill pipe, casing or tubing, or fittings, couplings, thread protectors or nipples therefor, for natural gas or oil wells; For use in the manufacture of rifles for the Government of Canada
72285090		—Other
	7228509010	——Mold steel
	7228509020	——Tool steel
	7228509090	——Other
72288000		-Hollow drill bars and rods
		——Other:
	7228800091	———Round, alloy steel
	7228800092	———Round, non-alloy steel
	7228800098	———Other, alloy steel
	7228800099	———Other

Source: *Customs Tariff*, 1996 to 2001.

Annex 38

Companies that Responded to the Tribunal's Importers' Questionnaire - Cold-drawn and Finished Bars and Rods

A.J. Forsyth, A Division of Russel Metals Inc.
Bohler-Uddeholm Limited
Buderus Specialty Steel Corp.
Canadian Drawn Steel Company Inc.,
A Division of Republic Technologies International
Canvil, A Division of Mueller Canada Ltd.
Corus America Inc.
Earle M. Jorgensen (Canada) Inc.
Edscha of Canada
Ferrostaal Metals Ltd.
Hastech Mfg. (A Division of Linamar Corporation)
Helton Industries Ltd.
Laurel Steel, A Division of Harris Steel Limited
Marubeni-Itochu Steel Canada Inc.
Russel Metals Inc.
Team Tube Ltd.
Thyssen Marathon Canada,
Division of Thyssen Canada Limited
Usinor Canada Inc.

Annex 39

Companies that Responded to the Tribunal's Foreign Producers' Questionnaire - Cold-drawn and Finished Bars and Rods

China
China Iron and Steel Association / China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters

Europe
Ascometal (Groupe Lucchini)
Corus Engineering Steels
Edelstahlwerke Buderus AG
Uddeholm Fine Machined AB (renamed 2002 to Uddeholm Machining AB)

United States
Nucor Corporation

Annex 40

Companies that Responded to the Tribunal's Market Characteristics Questionnaire - Cold-drawn and Finished Bars and Rods

Service Centres, Wholesalers, Distributors

Richmond Cold Finished Bar & Shaft Inc.
Samuel & Fils & Cie (Québec) Ltée
Corus Metals
Samuel Son & Co. Ltd.
York Steel Inc.
Bohler-Uddeholm Ltd.[1]
Vanguard Steel Ltd.

Importer

Maple Screw Products

End Users

Le Groupe Canam Manac Inc.,
Division Les Aciers Canam (Canada)
Orlick Industries Ltd.
Parker Hannifin Canada
Kilian Mfg. Corp.
Dreco
Group Trudo Inc.
Collison-Goll Ltd.
Savik Super-Chrome Inc.
ATS Automation Tooling Systems Inc.
Enduro-Niagara Ltd.

Note 1: Also identified as an importer.

Annex 41
Submissions - Cold-drawn and Finished Bars and Rods

Participants that Filed Injury Submissions

Company

Coalition of Canadian Domestic Producers

Acindar S.A.

Böhler-Uddeholm AG, Edelstahl Witten-Krefeld GmbH, Böhler-Uddeholm Ltd., Thyssen Marathon Canada Ltd., Buderus Edelstahl Werke AG and Buderus Specialty Steel Corp.

Corus America Inc. and Corus Group plc

Highveld Steel and Vanadium Corporation Limited, New Zealand Steel Limited, Ferrostaal Metals Ltd., Knightsbridge International Corp., Salzgitter AG, Salzgitter Trade, Inc., Thyssen Canada Limited, Hoesch Hohenlimburg GmbH, ThyssenKrupp Electrical Steel GmbH, BHP Steel Americas, Inc., BHP Steel Ltd., TradeARBED Canada Inc., ThyssenKrupp Steel North America, Inc., ThyssenKrupp Stahl AG, Thyssen AST USA, Inc., ThyssenKrupp Electrical Steel AST S.p.A., Wirth Steel, A General Partnership, Yieh Phui Enterprise Co. Ltd., Olbert Metal Sales Limited and CCC Steel GmbH

Annex 42
Witnesses - Injury Hearing - Cold-drawn and Finished Bars and Rods

Witness	Title / Company
Domestic Producers	
Lane Pate	President Laurel Steel
Mark N. Cook	Vice-President and Controller Laurel Steel
Gary Ferguson	Plant Manager Hamilton Cold Finished Plant Canadian Drawn Steel Company Inc.
David G. Pastirik	Director Marketing and Development Slater Steels Stainless
Bruce R. Rich	Vice-President - Sales and Marketing Union Drawn Steel II Ltd.
Others	
Richard T. Mamajek	Vice-President Sales, Engineering Steels Field Commercial Team Corus America Inc.
William Gertin	Director of Canadian Operations Earle M. Jorgensen (Canada) Inc.
David J. Halcrow	Vice-President, Purchasing Russel Metals Inc.

CHAPTER XII

REINFORCING BARS

1. Tribunal's Determination on Increased Imports and Serious Injury

On July 4, 2002, the Tribunal determined that carbon and alloy steel concrete reinforcing bars are being imported into Canada from all sources in such increased quantities since the beginning of 1996, and under such conditions, as to be a principal cause of serious injury to the domestic producers of like or directly competitive goods. It also determined that reinforcing bars imported from the United States account for a substantial share of total imports of goods of the same kind but that alone they did not contribute importantly to the serious injury. The Tribunal has further determined that the reinforcing bars imported from each of Mexico, Israel or another CIFTA beneficiary, and Chile do not account for a substantial share of total imports of goods of the same kind and that reinforcing bars imported from each of those countries do not contribute importantly to the serious injury. Finally, the Tribunal determined that reinforcing bars are imported from all sources other than the United States, Mexico, Israel or another CIFTA beneficiary, and Chile, in such increased quantities and under such conditions as to be a principal cause of serious injury to domestic producers of like or directly competitive goods.

2. Product and Market

a) Product Description and Use

Carbon and alloy steel concrete reinforcing bars are the goods subject to this safeguard inquiry. The Schedule of Specified Goods in the Order indicates that carbon and alloy steel concrete reinforcing bars subject to the inquiry exclude stainless steel grades of reinforcing bars.

Products of this description are referred to throughout as reinforcing bars.

In Canada, reinforcing bars are generally produced using ferrous scrap metal as their main raw material. The steel production process begins with the melting of scrap metal in an electric arc furnace. Later in the process, molten steel is continuously cast into rectangular billets that are cut to length. These billets are later reheated and passed through a hot-rolling mill to produce reinforcing bars. The same rolling mills can also be used to produce hot-rolled bars and angles, shapes and sections from billets.

Reinforcing bars are used in the construction industry to reinforce concrete structures. The bars contain indentations, ribs, grooves or other deformations produced during the rolling process or by twisting after rolling. The deformations improve the adherence of the concrete to the reinforcing bars.

Chapter III of this report provides the methodology used to determine the HS Codes under which the subject goods may be imported. The HS Codes and the tariff descriptions for reinforcing bars can be found in Annex 43 to this chapter.

b) Domestic Producers

The six Canadian producers of reinforcing bars are Stelco Inc. (Stelco), Ispat Sidbec Inc. (Ispat Sidbec), Co-Steel Lasco (Co-Steel), Gerdau MRM Steel Inc. (Gerdau MRM), Gerdau Courtice Steel Inc. (Gerdau Courtice) and Slater Steel Inc. (Slater). In 2001, these six producers together produced approximately 349,000 tonnes of reinforcing bars, of which a very small quantity was sold on export markets.

Stelco produces reinforcing bars at two wholly owned subsidiaries, AltaSteel, Edmonton, Alberta, and Stelco McMaster Ltée, Contrecœur, Quebec. As well, Stelco produces a limited quantity of reinforcing bars in coiled form on a wire rod mill at its Hilton Works facility, Hamilton, Ontario.

Ispat Sidbec produces reinforcing bars cut to length at its bar mill, Longueuil, Quebec. It also produces reinforcing bars in coils at its wire rod mill, Contrecœur, Quebec, and these goods are marketed/sold by the Longueuil plant.

Co-Steel produces reinforcing bars at its facility in Whitby, Ontario.

Gerdau MRM of Selkirk, Manitoba, and Gerdau Courtice of Cambridge, Ontario (both of which are owned by Gerdau SA of Brazil) produce reinforcing bars at their respective locations.

Finally, Slater of Mississauga, Ontario, produces a small quantity of reinforcing bars at its Hamilton Speciality Bar Division facility, Hamilton, Ontario.

All the above companies also produce hot-rolled bars. However, only Co-Steel, Gerdau Courtice and Gerdau MRM produce angles, shapes and sections.

c) Importers

The Tribunal received 13 questionnaire replies from companies that reported having imported reinforcing bars during the safeguard inquiry period, 1996 to 2001. A list of those companies is provided in Annex 44 to this chapter.

The top 10 importers of reinforcing bars during the last three years of the safeguard inquiry period, 1999 to 2001, accounted for 88 percent of the total imports of reinforcing bars. Of those imports, 29 percent originated in the United States and 71 percent entered Canada from the rest of the world. The top five importers in 2001 were Birmingham Steel Corp., Barzelex Inc./Novosteel S.A., Thyssen Canada Ltd., Mitsui & Co., (USA) Inc. and Ferrostaal Metals Ltd.

d) Foreign Producers

The Tribunal received 15 questionnaire replies from foreign producers of reinforcing bars. The five largest foreign producers of reinforcing bars that replied were Dongkuk Steel Mill Co. Ltd. of South Korea, ICDAS Celik Enerji Tersane ve Ulasim Sanayii A. S. of Turkey, INI Steel Company of South Korea, Iscor Ltd. of the Republic of South Africa and

Krivrozhstal State Mining and Metallurgical Integrated Works of Ukraine. Together, these companies accounted for 28 percent of the production of reinforcing bars reported by respondents. A list of the companies that replied to the Foreign Producers' Questionnaire can be found in Annex 45 to this chapter.

e) Users

The Tribunal received 14 questionnaire replies from various service centres and users of reinforcing bars. A list of these companies can be found in Annex 46 to this chapter. The respondents included companies involved in the distribution and fabrication of reinforcing bars.

f) Marketing and Distribution

Domestic producers sell reinforcing bars directly to fabricators or steel service centres. Fabricators, which account for the vast majority of sales, cut, bend and install the reinforcing bars at construction sites. The fabricators bid for contracts on construction projects and then fill their requirements for reinforcing bars for a project as it progresses. Some contracts can extend over a period of one or more years. Service centres sell the products to construction companies and building supply companies that do not buy in the volume ranges sold by the mills.

Spot-market prices play a major role in the negotiation of the sales of reinforcing bars, which are price-sensitive commodities. Prices of scrap metal also play an important role in the price determination process for reinforcing bars.

3. Like or Directly Competitive Goods

The principles applicable to the analysis to determine whether products are "like or directly competitive goods" are set out in Chapter IV of this report. On the basis of the evidence on the record and for the purpose of this inquiry, the Tribunal finds that domestically produced reinforcing bars, of the same description as the subject goods, constitute like or directly competitive goods to the subject goods.[222]

4. Determination on Domestic Producers

Stelco, Ispat Sidbec, Co-Steel, Gerdau MRM, Gerdau Courtice, and Slater are the producers as a whole of the reinforcing bars in Canada. The Tribunal's injury analysis has been based on the evidence relating to the above-mentioned domestic producers. In this report, they are sometimes referred to as the "domestic industry".

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[222] *Transcript of Public Hearing*, Vol. 1, 26 June 2002, at 5-8; *Transcript of Public Hearing*, Vol. 2, 27 June 2002, at 112-16; *Pre-hearing Staff Report on Market Characteristics*, Tribunal Exhibit GC-2001-001-106.02, Administrative Record, Vol. 19 at 55-63.

5. Increased Imports

Table 49 shows the volume of imports into Canada of reinforcing bars for the years 1996 to 2001 and the volume of domestic production for the same period.

Table 49
Imports and Domestic Production

	1996	1997	1998	1999	2000	2001
Imports (tonnes)	93,072	175,549	252,090	264,960	438,914	267,764
Percent Change		89	44	5	66	(39)
Production (tonnes)	413,785	381,266	327,103	394,105	290,788	349,408
Percent Change		(8)	(14)	20	(26)	20
Imports as a Percentage of Production (%)	22.5	46.0	77.1	67.2	150.9	76.6

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-106, Administrative Record, Vol. 19 at 10; Tribunal Exhibit GC-2001-001-106D, Administrative Record, Vol. 19 at 46.10.2.

Parties opposed to the imposition of safeguard remedies submitted that there were no recent, sudden, sharp and significant increases in imports into Canada, as imports in 2001 declined, and that there was a further decline in the level of imports between the first quarter of 2001 and the first quarter of 2002.

Parties opposing also submitted that the dumped imports covered by the Tribunal's injury findings in January 2000 and June 2001[223] should be factored out of the import statistics before a determination is made as to whether there has been an increase in imports. As discussed in Chapter IV, it is the Tribunal's view that the analysis of import trends requires an examination of all imports, regardless of whether they have been subject to a dumping investigation or not.

The Tribunal reviewed the import trends during the entire period of the inquiry and determined that there was a recent, sudden, sharp and significant increase in the absolute volume of imports in 2000 over 1999, the base year.[224] A review of Table 49 shows that, in absolute terms, imports of reinforcing bars into Canada increased by 66 percent in volume in 2000. The Tribunal finds that this increase of 174,000 tonnes between 1999 and 2000 was a significant increase in imports into Canada of reinforcing bars. In addition, the volume of imports in the first quarter of 2002 was lower than the level in the first quarter of 2001, but remained higher than the level in the first quarter of 1999.[225]

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[223] *Certain Concrete Reinforcing Bar* (12 January 2000), NQ-99-002 (CITT); *Certain Concrete Reinforcing Bar* (1 June 2001), NQ-2000-007 (CITT).

[224] The year 2000 was determined by the Tribunal to be a period of significantly increased imports. The period 2000 to 2001 was the period during which the Tribunal evaluated the impact of the increased imports on the domestic industry's performance. Accordingly, the Tribunal determined that the base year for comparison purposes was 1999.

During the same period, 1999 to 2000, the domestic industry's production of reinforcing bars decreased by 26 percent, or 103,000 tonnes. The volume of imports as a percentage of production increased from 67 percent in 1999 to a peak of 151 percent in 2000.

Accordingly, the Tribunal concludes that there was a recent, sudden, sharp and significant increase in imports of reinforcing bars in 2000 over 1999, the base year, both in absolute terms and relative to domestic production of reinforcing bars.

6. Unforeseen Developments

Having found that there was a significant increase in imports in 2000 over 1999, the Tribunal must now determine whether the increased imports resulted from unforeseen developments.

The domestic industry submitted that import penetration into the Canadian market was due to a number of unforeseen developments, among them an extensive global overcapacity and overproduction in steel products, the Asian economic crisis and the collapse of certain economies in Eastern Europe. Other parties submitted that these developments were not "unforeseen" and could not be linked to the increase in imports.

The Tribunal finds that the significant increase in imports in 2000 was due to a number of unforeseen developments. The Asian crisis, the Japanese economic slowdown and the collapse of the Russian and Commonwealth of Independent States economies, with the resulting economic turmoil, weakened many economies in Asia and Eastern Europe. Nevertheless, the large steel production capacities in these regions were not idled. Steel producers loaded their mills in order to sustain production and employment levels and to maintain cash flow. Because their domestic markets weakened considerably, they were forced to sell a high proportion of their production into export markets. Furthermore, developments such as the agreements[226] between the European Coal and Steel Community and the Russian Federation and with Ukraine on trade in certain steel products placed restraints on steel exports from Russia and Ukraine. The agreements, in place since 1997, have put further pressure on these countries to sell their steel in markets other than the European Union.

It is the view of the Tribunal that the impact of global developments was felt in the world steel market for most of the period of inquiry. All these developments have had major implications for global steel trade and were a significant factor leading to increased steel exports to Canada in 2000.[227]

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[225] *Pre-hearing Staff Report – Supplemental Data,* Tribunal Exhibit GC-2001-001-106A, Administrative Record, Vol. 19 at 46.4.

[226] Tribunal Exhibits GC-2001-001-168.23-168.26 (single copy exhibits), Administrative Record, Vol. 1M at 250-369.

The impact of weakening home markets has manifested itself specifically in increased exports of reinforcing bars to Canada from many countries at various points during the period of inquiry.[228] In 2000, in particular, Ukraine led the Eastern European exporting countries with an increase of 62,000 tonnes over 1999, followed by Latvia with an increase of 42,000 tonnes. Together, in 2000, the Eastern European countries accounted for an increase of imports of 124,000 tonnes, 71 percent of the total increase over 1999 from all countries. Although Asian countries contributed less to the increase in imports in 2000, Japan, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, and Indonesia together accounted for an increase of 84,000 tonnes.[229] In the same year, the pressure of global events was also manifested in an increase in imports from Turkey of 18,000 tonnes above the level of 1999.

Accordingly, the Tribunal finds that the significant increase in imports into Canada resulted from the unforeseen developments in the world steel market, with respect to reinforcing bars in particular.

7. Serious Injury Analysis

In determining whether serious injury has occurred, the Tribunal examined the factors listed in Chapter IV of this report. These factors are discussed in detail below with a particular focus on developments since 1999, the base year, but also placing them in the context of the total period of inquiry.

a) Production, Capacity and Capacity Utilization

Table 50 presents the practical capacity and production volumes of reinforcing bars in Canada for the years 1996 to 2001.

Table 50
Domestic Production Indicators

	1996	1997	1998	1999	2000	2001
Practical Capacity (tonnes)	2,018,133	1,926,039	1,944,865	1,951,912	1,979,103	2,049,120
Total Production (tonnes)	413,785	381,266	327,103	394,105	290,788	349,408
Percent Change		(8)	(14)	20	(26)	20
Capacity Utilization Rate (%)	21	20	17	20	15	17

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-106D, Administrative Record, Vol. 19 at 46.10.2.

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[227] Expert Report, *Canadian Steel Industry: An Economic Industry Study*, Tribunal Exhibit GC-2001-001-178.01, Administrative Record, Vol. 1C at 199, 217, 218.

[228] *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-106, Administrative Record, Vol. 19 at 12.

[229] Imports from Korea declined to 160 tonnes in 2000 from 32,000 tonnes in 1999 after the Tribunal's injury finding covering dumped imports from Korea was issued in January 2000.

From 1999 to 2000, practical capacity increased by 27,000 tonnes, or by 1 percent, and, from 2000 to 2001, it increased by an additional 70,000 tonnes, or 4 percent. In fact, over the period 1996 to 2001, practical capacity increased in every year except 1997, when it declined by 5 percent, with the result that there was a net increase in practical capacity over the entire period of 31,000 tonnes, or 2 percent.

Total production declined 26 percent in 2000 over 1999 to a level of 291,000 tonnes. This is the lowest level reached over the period and represents a decline of 30 percent from the peak level attained in 1996. Subsequently, production grew 20 percent in 2001, but remained 11 percent below the level of 1999 and 16 percent below the 1996 level.

Capacity utilization for reinforcing bars declined from 21 percent in 1996 to 15 percent in 2000 before increasing by 2 percentage points in 2001. The Tribunal notes that other long products such as hot-rolled bars and, in the case of three domestic producers, angles, shapes and sections, are produced on the same equipment.

b) Domestic Industry Market Performance Indicators

Table 51 shows the size of the Canadian market and certain market performance indicators for the domestic industry.

Table 51
Domestic Industry Market Performance Indicators

	1996	1997	1998	1999	2000	2001
Apparent Market (tonnes)	536,500	584,143	582,367	676,284	729,417	634,328
Percent Change		9	0	16	8	(13)
Domestic Industry Sales (tonnes)	443,428	408,594	330,277	411,324	290,503	366,564
Percent Change		(8)	(19)	25	(29)	26
Market Share (%)	83	70	57	61	40	58
Average Delivered Selling Value ($/tonne)	504	509	515	451	445	404
Percent Change		1	1	(12)	(1)	(9)
Inventories (tonnes)	23,262	18,993	26,779	18,554	24,610	16,701

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-106, Administrative Record, Vol. 19 at 17-19.

Over the period 1996 to 2001, the apparent Canadian market increased by 98,000 tonnes. With the exception of 1998, when the market remained at the previous year's level, the market grew every year from 1996 to 2000 and peaked in 2000 at 729,000 tonnes, an increase of 8 percent over the level of 1999. In 2001, the market more than reversed the gains of 2000, declining by 13 percent to 634,000 tonnes.

Data in Table 51 indicate that, not only did domestic producers not participate in the market growth in 2000, they experienced an absolute decline in their sales of 29 percent, or 121,000 tonnes. As a result, the domestic producers' market share decreased from 61 percent in 1999 to 40 percent in 2000. In 2001, when the market declined by 13 percent, the domestic producers' sales grew by 26 percent, and their market share increased to 58 percent. However, their sales remained 11 percent below the level of 1999. From 1996 to 2001, the domestic producers' market share was at its highest in 1996 when it reached 83 percent.

The average delivered selling value of domestic reinforcing bars declined by 1 percent in 2000 over 1999 to reach $445 per tonne. This decline was followed by a further decrease of 9 percent in 2001 to $404 per tonne, the lowest level over the 1996 to 2001 period. The 2001 selling value was $100 less than the selling value in 1996.

The volume of inventories of reinforcing bars held by producers grew from 5 percent of production in 1998 to 8 percent of production in 2000, then fell back to 5 percent of production in 2001.

c) Employment and Related Indicators

Table 52 shows employment and related productivity indicators for domestic producers of reinforcing bars for the years 1996 to 2001.

Table 52
Employment and Related Indicators

	1996	1997	1998	1999	2000	2001
Direct Employment	214	186	168	194	131	154
Total Employment	344	298	244	289	217	272
Hours Worked - Total Employment (000)	695	622	480	612	445	543
Productivity (tonnes/hour)	0.60	0.61	0.68	0.64	0.65	0.64
Average Hourly Wage Rate[1] ($/hour)	33	33	34	35	34	35

Note 1: Wages paid before deductions of any kind (e.g. Canada Pension Plan, Employment Insurance, union dues), including wages paid directly for overtime, holidays, vacations and sick leave.

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-106, Administrative Record, Vol. 19 at 20-21.

Total employment and total hours worked in the reinforcing bar sector of the steel industry declined to their lowest levels in 2000. Total employment was 25 percent lower than in 1999 and 37 percent lower than the peak level in 1996. The total number of hours worked was 27 percent lower than 1999 and 36 percent lower than 1996. In 2001, total employment increased by 25 percent, and total hours worked increased by 22 percent.

Industry productivity measured in tonnes per hour worked by employees peaked in 1998. It then declined and stabilized in the years 1999 to 2001, at levels higher than those in 1996 and 1997.

The average hourly wage rate was $33 per hour in 1996 and 1997, then fluctuated between $34 and $35 per hour from 1998 to 2001.

d) Financial Performance Indicators

Table 53 shows financial performance indicators for the domestic producers of reinforcing bars.

Table 53
Financial Performance Indicators

	1996	1997	1998	1999	2000	2001
Net Commercial Sales Value ($/tonne)	496	500	507	444	434	391
Cost of Goods Sold ($/tonne)	416	408	415	365	405	405
Gross Margin ($/tonne)	80	92	91	79	28	(14)
Net Income Before Taxes ($/tonne)	15	22	20	6	(33)	(79)
Return on Investment (% of fixed assets)[1]	13.4	14.2	11.2	3.0	(17.5)	(39.3)
Cash Flow[1] ($000)	10,114	11,890	9,276	4,791	(7,432)	(23,836)

Note 1: Includes sales for export.

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-106, Administrative Record, Vol. 19 at 22, 24-25.

The financial performance indicators show that there was a substantial deterioration in the financial performance of the industry in 2000 and 2001. The cost of goods sold per tonne increased 11 percent in 2000 over 1999 and remained at that level in 2001. The gross margin declined by $51 per tonne in 2000 and a further $42 per tonne in 2001, resulting in a negative gross margin of $14 per tonne in 2001. Net income before taxes decreased by $39 per tonne in 2000 and by a further $46 per tonne in 2001 to produce a loss of $79 per tonne in 2001. There were also significant declines in the return on investments and cash flow,[230] with return on investment registering losses of 17.5 percent in 2000 and 39.3 percent in 2001, and a negative cash flow of $7.4 million in 2000 and $23.8 million in 2001.

In addition to the declining financial performance described above, the Tribunal heard testimony that, if the industry continues to lose money as it has been doing, its ability to invest in its facilities in Canada will be restricted.[231]

The Tribunal notes that the domestic industry's production is predominantly directed towards domestic sales, with little product exported and a very minimal amount used for further internal processing. Accordingly, the financial difficulties experienced are very significant, not only in the context of production for domestic sales but also in the context of domestic production as a whole.

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230. The impact of the domestic industry's export sales being included in the return on investments and cash flow indicators is minimal, as the industry's export sales of reinforcing bars are negligible.

231. *Transcript of Public Hearing*, Vol. 1, 26 June 2002, at 108.

e) Tribunal's Conclusion on Serious Injury

On the basis of the preceding examination of the domestic industry's performance indicators, the Tribunal finds that the domestic industry producing reinforcing bars suffered a significant overall impairment and, therefore, incurred serious injury. In 2000, that injury took the form of declines in production, sales, market share and gross margins. As well, net income turned to a net loss and return on investment and cash flow became negative. Injury continued in 2001 in the form of reduced prices and a further deterioration in financial performance, with gross margins turning negative, net losses increasing and the return on investments and cash flow worsening further.

8. Principal Cause of Injury

a) Increased Imports

Table 54
Apparent Market and Price Indicators

	1996	1997	1998	1999	2000	2001
Imports from United States (tonnes)	84,650	124,671	97,095	96,052	100,547	95,196
Imports from Rest of World (tonnes)	8,108	50,878	154,948	168,887	338,368	172,531
Total Imports (tonnes)	93,072	175,549	252,090	264,960	438,914	267,764
Apparent Market (tonnes)	536,500	584,143	582,367	676,284	729,417	634,328
Percent Change		9	0	16	8	(13)
Import Market Share (%)	17	30	43	39	60	42
Domestic Market Share (%)	83	70	57	61	40	58
Average Delivered Selling Value of Imports from the United States ($/tonne)	578	592	598	518	555	533
Percent Change		2	1	(13)	7	(4)
Average Delivered Selling Value of Imports from the Rest of the World ($/tonne)	452	490	468	404	410	406
Percent Change		8	(4)	(14)	1	(1)
Average Delivered Selling Value of Domestic Product ($/tonne)	504	509	515	451	445	404
Percent Change		1	1	(12)	(1)	(9)

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-106C, Administrative Record, Vol. 19 at 10, 17-18.

The domestic producers argued that imports were a principal cause of the serious injury. Importers and foreign producers argued that production-related issues and a number of other factors were greater causes of injury to the domestic industry than imports.

As already indicated, total imports increased by 174,000 tonnes between 1999 and 2000, a 66 percent increase over the period. During that period, imports from the United States remained relatively constant, increasing by only 4,500 tonnes, or 5 percent, while imports from the rest of the world more than doubled, reaching a record level of 338,000 tonnes in 2000.

While they already accounted for 64 percent of total imports in 1999, imports from the rest of the world represented 77 percent of total imports in 2000.

Total imports into Canada of reinforcing bars in 2000 captured all the growth in the market, as well as a portion of the domestic producers' sales. The market share of total imports increased significantly, growing by more than one half from a level of 39 percent in 1999 to 60 percent in 2000. The totality of this market share growth was due to imports from the rest of the world, as the market share of imports from the United States stagnated at 14 percent during this period.

In 2000, the domestic producers, when faced with rapidly rising imports, apparently decided to maintain the level of their selling values, decreasing the average selling value only slightly. The domestic industry's unit delivered selling value was at $445 per tonne in 2000, while the unit delivered selling price of imports from all countries was at $443 per tonne. However, these data, as they include imports from the United States sold at higher prices, mask the fact that the imports from the rest of the world were sold at $410 per tonne in 2000, or $35 per tonne less than the domestic industry's selling price, or $145 per tonne less than the selling price of imports from the United States.

As a consequence of not matching importers' selling values in 2000, producers' sales declined by 29 percent, or by 121,000 tonnes. Not only did the producers lose sales but they did not share in the 53,000 tonnes or 8 percent increase in the size of the apparent market. In total, the domestic producers lost 21 percentage points of market share, with their market share declining from 61 percent in 1999 to 40 percent in 2000.

These events occurred at a time when the overall market was growing and input costs had risen sharply compared to the previous year, but average selling prices of both imported and domestic products were relatively stable. The industry found itself squeezed between rising costs driven by a rebound in material costs[232] and low prices offered by the importers. The Tribunal believes that this may have led certain producers, finding that they could not raise their prices to recoup their increased costs, cut back production to minimize their losses.

With the domestic producers' average selling values declining slightly in 2000 and costs increasing, gross margins were severely squeezed. The reduction in gross margins was, for the most part, directly translated to the net income line, with the net income of $6 per tonne in 1999 being replaced by a net loss of $33 per tonne in 2000. In turn, the net loss negatively affected the return on investments and cash flow.

Domestic producers testified that, in 2001, they realized that it was necessary to regain market share in order to increase the capacity utilization of their mills to keep them running.[233] They also realized that, to do this, they would have to reduce their selling values to close the gap with import selling values. This they did, reducing their average selling value by $41 per tonne to $404 per tonne in 2001, essentially the same level as the average selling value of imports from the rest of the world. The price reduction achieved the producers' objective of increasing sales, with their market share increasing 18 percentage points to 58 percent in 2001, but sales were still well below the level of 1999.

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[232] *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-106, Administrative Record, Vol. 20 at 34.

[233] *Transcript of Public Hearing*, Vol. 1, 26 June 2002, at 23-24, 31.

With their average selling value per tonne significantly eroded and the cost of goods sold per tonne remaining at the same level as 2000, the producers' gross margin per tonne was further reduced in 2001 to a loss of $14 per tonne. As a result, the net loss per tonne increased and return on investments and cash flow worsened.

Based on the foregoing analysis, the Tribunal concludes that increased imports in 2000 were a major factor causing the serious injury suffered by the domestic industry.

b) Other Causes of Injury

Having determined that increased imports were a major factor in causing serious injury to the industry, the Tribunal must examine other factors that may also have had a role in causing the serious injury. Importers and foreign producers submitted that the injury was caused by a number of other factors. These included the inability to supply the market due to a work stoppage at Co-Steel, the shifting of production between reinforcing bars and other long products and the unwillingness of producers to supply the market with certain sizes of reinforcing bars. Other factors also included intra-industry competition, poor productivity and the poor financial performance of some producers. The Tribunal also examined the decrease in the apparent market in 2001.

i) Production-Related Issues

There was, as noted above, a work stoppage at Co-Steel at the end of 2000 and in the first quarter of 2001. The Tribunal heard that Co-Steel did not produce reinforcing bars during the three-and-one-half-month work stoppage and that the work stoppage affected the ability of the company to serve the market.[234] Co-Steel testified that it did not have an inventory of reinforcing bars to cover the period of the work stoppage.[235] There is no doubt that the work stoppage did affect Co-Steel's ability to serve the market and, consequently, its own performance. However, there was no indication that the work stoppage at Co-Steel significantly impaired the industry's ability to supply the market, given the industry's level of capacity utilization. The Tribunal is of the view that the impact of the work stoppage at Co-Steel is small relative to that of increased imports on all the domestic producers.

With regard to submissions that reinforcing bars are "filler products" for producers, the Tribunal notes that reinforcing bars, hot-rolled bars and angles, shapes and sections can be made on the same hot-rolling mills. Each producer, given its particular circumstances, must choose the mix of long products that maximizes the company's return. This mix can change over time, as market conditions change. An analysis of the production volumes of reinforcing bars and other long products indicates that the industry as a whole had the capacity to produce, in 2000 and 2001, the same volume of reinforcing bars as it had produced in 1999, without reducing the volume of other long products that the industry produced in 2000 and 2001.[236] In other words, there is no evidence to indicate that the industry as a whole starved the market of reinforcing bars to benefit from higher returns from other long products.

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[234] *Transcript of Public Hearing*, Vol. 1, 26 June 2002, at 53-56.

[235] *Transcript of Public Hearing*, Vol. 1, 26 June 2002, at 55-56.

[236] *Protected Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-65B (protected), Administrative Record, Vol. 14 at 65; *Protected Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-79B (protected), Administrative Record, Vol. 16 at 42; *Protected Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-107C (protected), Administrative Record, Vol. 20 at 56.2.

The Tribunal heard testimony that fabricators need to import reinforcing bars because the domestic industry does not produce sufficient quantities of 10 millimetre (10M) reinforcing bars[237] and it also heard that one domestic mill is now refusing to produce 15 millimetre reinforcing bars.[238] The Tribunal notes that this issue was addressed in the statement of reasons of a previous injury finding on reinforcing bars.[239] In those reasons, the Tribunal stated that the domestic industry's reduced production of 10M, rather than being a factor that was causing injury to the industry, was a manifestation of injury caused by the dumped imports. The Tribunal concludes that similar reasoning can be applied in this case. The Tribunal accepts the evidence by the domestic producers that the reduction in the volume of production of smaller sizes is the result of increased imports causing injury.[240] The reduction is not the cause of injury. The production of increased volumes of higher cost smaller sizes would only add to the producers' losses, given that importers charge the same blended price for all sizes of reinforcing bars, making it difficult for domestic producers to charge a premium to cover the higher costs of producing 10M.[241]

ii) Other Factors

With regard to the submission that injury was caused by competition among the domestic producers, the Tribunal has examined the pricing of reinforcing bars for the one producer having prices significantly below the market and that accounts for a very small proportion of sales. In this regard, the Tribunal notes that the witness for this producer indicated that the company produced only a limited range of reinforcing bar products and that its sales were opportunistic.[242] Because of the small volume of sales and the limited product range of the company, the Tribunal is not convinced that the sales had any significant impact on the market.

The Tribunal also notes that competition among domestic producers is normal, particularly in an industry with a large number of suppliers. The data show that, over the whole period, there were differences in prices among the producers. The data also show that, in 2001, when the prices in the market collapsed, all the domestic producers reduced their prices.

With regard to the claim that the injury suffered by the industry was due to the poor productivity performance of some producers, the Tribunal does not agree with this contention. The Tribunal observes that, once again, over the period 1996 to 2001, there were significant differences among the operations of the companies in terms of performance. The Tribunal is of the view that an examination of any industry with many suppliers would normally reveal that there are differences in productivity among companies. In addition, the Tribunal notes that the overall productivity of the industry improved over the period.

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[237] *Transcript of Public Hearing*, Vol. 2, 27 June 2002, at 121-23.

[238] *Transcript of Public Hearing*, Vol. 2, 27 June 2002, at 214.

[239] *Certain Concrete Reinforcing Bar* (12 January 2000), NQ-99-002 (CITT) at 22.

[240] *Transcript of Public Hearing*, Vol. 1, 26 June 2002, at 19-21.

[241] *Transcript of Public Hearing*, Vol. 1, 26 June 2002, at 19-21; *Transcript of Public Hearing*, Vol. 2, 27 June 2002, at 122, 137-38.

[242] *Transcript of Public Hearing*, Vol. 1, 26 June 2002, at 5, 84, 90.

The Tribunal agrees with the submission that there have been significant differences in the profitability of the different producers. However, whatever the basic level of profitability, the Tribunal notes that, in 2000 and 2001, the net income per tonne of all domestic producers' operations deteriorated, with only two exceptions in one year. Thus, particularly low profitability of specific producers does not explain the serious injury shown in the financial returns of the industry as a whole in recent years. With respect to a substantial increase in the net loss of one producer in 2001, the Tribunal notes that a witness for the company indicated that personnel reductions had been necessary in the face of the flood of imports and that the increased net loss was, in part, due to the costs associated with the staff reductions caused by the increased imports.[243]

Finally, the Tribunal notes that, in 2001, the apparent market declined by 95,000 tonnes, or 13 percent. The Tribunal examined this decline in light of the testimony that the construction market had been quite strong in recent years[244] and that heavy construction is the prime driver of the demand for reinforcing bars.[245] There was no testimony supporting the position that the decline in the apparent market was due to a softening of demand. The Tribunal is of the view that a buildup in inventories in 2000 helps explain why the apparent market declined in 2001 while construction activity was strong. The Tribunal heard testimony that fabricators had built up significant inventories of reinforcing bars in 2000 and needed to work these inventories off in 2001 before making further purchases.[246] Given their high levels in 2000, imports must have contributed importantly to the build up. This reduction in purchases translated into a decline in the volume of sales in the apparent market.

c) Tribunal's Conclusion on Principal Cause

Based on the above review, the Tribunal concludes that neither production-related issues nor the other factors discussed above have been major contributors to injury suffered by the domestic industry.

The Tribunal concludes that increased imports have been a principal cause of injury to the domestic industry.

9. NAFTA and Other Free Trade Agreement Provisions

In accordance with the principles discussed in Chapter IV of this report, pursuant to the Order, and in accordance with sections 20.01, 20.02 and 20.03 of the CITT Act, the Tribunal conducted the following analysis with respect to imports from NAFTA countries, Israel or another CIFTA beneficiary, and Chile.

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[243] *Transcript of Public Hearing*, Vol. 1, 26 June 2002, at 41-42.

[244] *Transcript of Public Hearing*, Vol. 1, 26 June 2002, at 40; *Transcript of Public Hearing*, Vol. 2, 27 June 2002, at 125, 127, 129.

[245] *Transcript of Public Hearing*, Vol. 2, 27 June 2002, at 124.

[246] *Transcript of Public Hearing*, Vol. 1, 26 June 2002, at 26, 48-49, 76-77.

a) Substantial Share of Total Imports

In order to determine whether the imports of the goods from a NAFTA country, Israel or another CIFTA beneficiary, or Chile each account for a substantial share of total imports of those goods, the Tribunal analyzed import volumes of reinforcing bars by country.

Data on imports shown in Table 55 indicate that the United States is the largest supplier of reinforcing bars to Canada, while Mexico, Israel or another CIFTA beneficiary, and Chile are not among the top five suppliers of reinforcing bars. Accordingly, the Tribunal determines that the quantity of reinforcing bars imported from the United States accounts for a substantial share of total imports of goods of the same kind. The Tribunal further determines that the quantity of reinforcing bars imported from each of Mexico, Israel or another CIFTA beneficiary and Chile does not account for a substantial share of total imports of goods of the same kind.

Table 55
Imports from the Top Five Countries
(tonnes)

	1996	1997	1998	1999	2000	2001	1999-2001
United States	84,650	124,671	97,095	96,052	100,547	95,196	291,795
Turkey	5,291	36,337	87,398	62,137	80,305	79,310	221,752
Ukraine	0	0	0	22,656	84,632	0	107,289
Latvia	0	0	2,541	10,067	58,226	5,055	73,348
People's Republic of China	0	0	0	0	0	64,588	64,588

Note: Listed in order of total imports for the period 1999 to 2001.
Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-106 Administrative Record, Vol. 19 at 11.

b) Contribution to Serious Injury

i) United States

Table 56
Imports from the United States and Total Imports
(tonnes)

	1996	1997	1998	1999	2000	2001	Percent Change 1999-2000
United States	84,650	124,671	97,095	96,052	100,547	95,196	4.7
Total Imports	93,072	175,549	252,090	264,960	438,914	267,764	65.7

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-106, Administrative Record, Vol. 19 at 10.

The period in which the injurious surge of reinforcing bars occurred was 2000. From 1999 to 2000, imports from the United States decreased from 36 percent to 23 percent of total imports. The U.S. import volume went from 96,000 tonnes in 1999 to 101,000 tonnes in 2000. This represents an increase of 5 percent. In comparison, the import volume from all sources increased by 66 percent over the same period. Further, from testimony at the hearing, it is clear that a large proportion of the exports from the United States were sold into the market in Western Canada,[247] where the presence of domestic producers was not strong. On the basis of this evidence and considering that the growth rate of the imports from the United States during the period in which the injurious surge in imports occurred was appreciably lower than the growth rate of total imports from all sources over the same period, the Tribunal is convinced that the imports of reinforcing bars from the United States did not contribute importantly to the serious injury suffered by the domestic producers.

ii) Mexico, Israel or Another CIFTA Beneficiary, and Chile

The Tribunal notes that there were no imports from Mexico, Israel or another CIFTA beneficiary, and Chile into Canada in 2000. The Tribunal, therefore, finds that imports from Mexico, Israel or another CIFTA beneficiary, and Chile did not contribute importantly to the serious injury experienced by the domestic producers.

c) Injury Caused by Imports from the Rest of the World

Having concluded that the imports of reinforcing bars from the United States were not contributing importantly to the serious injury suffered by the domestic producers and having found that imports from Mexico, Israel or another CIFTA beneficiary, and Chile did not account for a substantial share of total imports and were not contributing importantly to the serious injury suffered by the domestic industry, the Tribunal must determine whether imports of reinforcing bars from countries other than the ones listed above are imported in such increased quantities, and under such conditions, as to be a principal cause of serious injury to domestic producers of like or directly competitive goods.

The Tribunal notes that imports from the rest of the world increased from 169,000 tonnes in 1999 to 338,000 tonnes in 2000. This is an increase of 100 percent. The ratio of imports from the rest of the world to total production drastically increased from 43 percent in 1999 to 116 percent in 2000. Accordingly, the Tribunal concludes that there has been a recent, sudden, sharp and significant increase in imports of reinforcing bars into Canada from the rest of the world, both in absolute terms and relative to domestic production of reinforcing bars.

The Tribunal is of the view that, had it not been for imports coming from the rest of the world, no significant increase in total imports would have occurred between 1999 and 2000, as imports from the United States remained at a fairly stable level, while imports from the rest of the world doubled during the same period. In addition, the Tribunal finds that the decline in market share of the domestic industry from 1999 to 2000 was only due to the significant increase in imports coming from the rest of the world, as the market share from these countries increased by 21 percentage points, while the market share of imports from the United States remained constant. The price levels of imports from the rest of the world in 2000 and 2001, when compared to the high U.S. price levels, leave no doubt that imports from the rest of the world led to the severe decline and the low levels of the domestic industry's prices. This negatively impacted the gross margin of the domestic industry and resulted in a deterioration of net income, return on investments and cash flow.

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[247] *Transcript of Public Hearing*, Vol. 1, 26 June 2002, at 22, 34; *Transcript of Public Hearing*, Vol. 2, 27 June 2002, at 144-45, 172.

In addition, excluding imports from the United States from the Tribunal's analysis does not change the Tribunal's conclusion that none of the injury factors, other than imports, have been a major contributor to the serious injury.

In light of the above, the Tribunal determines that reinforcing bars are imported from all sources other than the United States, Mexico, Israel or another CIFTA beneficiary, and Chile, in such increased quantities and under such conditions as to be a principal cause of serious injury to domestic producers of like or directly competitive goods.

Annex 43
HS Code Descriptions — Reinforcing Bars

2001 HS Code	2001 Description
7213	Bars and rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel.
7213100000	-Containing indentations, ribs, grooves or other deformations produced during the rolling process
7214	Other bars and rods of iron or non-alloy steel, not further worked than forged, hot-rolled, hot-drawn or hot-extruded, but including those twisted after rolling.
7214200000	-Containing indentations, ribs, grooves or other deformations produced during the rolling process or twisted after rolling

Source: *Customs Tariff*, 1996 to 2001.

Annex 44
Companies that Responded to the Tribunal's Importers' Questionnaire - Reinforcing Bars

Barzelex Inc./Novosteel S.A.
CCC Steel GmbH
Ferrostaal Metals Ltd.
Macsteel International (Canada) Ltd.
Marubeni-Itochu Steel Canada Inc.
Mitsubishi International Steel Inc.
Mitsui & Co. (Canada) Ltd. – Vancouver
Pollan Trade, Inc.
Russel Metals Inc.
Salzgitter Trade, Inc.
Thyssen Canada Limited – Trading Division
TradeARBED Canada Inc.
Usinor Canada Inc.

Annex 45

Companies that Responded to the Tribunal's Foreign Producers' Questionnaire - Reinforcing Bars

China
China Iron and Steel Association / China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters

Japan
Kobe Steel, Ltd.

Korea
Dongkuk Steel Mill Co., Ltd
INI Steel Company

Russia
JSC "MECHEL" (Chelyabinsk Integrated Iron and Steel Works of Russia)
JSC Severstal

South Africa
Iscor Limited

Turkey
Colakoglu Metalurji A. S.
Diler Iron and Steel Works Inc
Habas Sinai Ve Tibbi Gazlar Istihsal Endustrisi A.S.
ICDAS Celik Enerji Tersane ve Ulasim Sanayii A.S.
Izmir Demir Celik Sanayi A.S.

Ukraine
Krivorozhstal State Mining and Metallurgical Integrated Works

United States
Nucor Corporation

Venezuela
Siderurgica del Orinoco (SIDOR) C.A.

Annex 46

Companies that Responded to the Tribunal's Market Characteristics Questionnaire - Reinforcing Bars

Service Centres, Wholesalers, Distributors

Pemco Steel Sales Ltd.
York Steel Inc.
Acier Picard
C & T Reinforcing Steel Co (1987) Ltd.[1]
Lower Mainland Steel Ltd.
Salit Steel[1]

End Users

Acier AGF Inc.
Les Ferrailleurs du Québec Inc.,
Omer Steel Ltd.
A & H Steel Ltd.
Cowin Steel Co. Ltd.
Gilbert Steel Ltd.
Ocean Steel & Construction
Harris Rebar, a division of Harris Steel Ltd.

Note 1: This company is also an end user.

Annex 47
Submissions - Reinforcing Bars

Participants that Filed Injury Submissions

Company

Coalition of Canadian Steel Producers

Acindar S.A.

Barzelex Inc.

China Iron and Steel Association and China Chamber of Metals, Minerals and Chemicals, Importers and Exporters

Highveld Steel and Vanadium Corporation Limited, New Zealand Steel Limited, Ferrostaal Metals Ltd., Knightsbridge International Corp., Salzgitter AG, Salzgitter Trade, Inc., Thyssen Canada Limited, Hoesch Hohenlimburg GmbH, ThyssenKrupp Electrical Steel GmbH, BHP Steel Americas, Inc., BHP Steel Ltd., TradeARBED Canada Inc., ThyssenKrupp Steel North America, Inc., ThyssenKrupp Stahl AG, Thyssen AST USA, Inc., ThyssenKrupp Electrical Steel AST S.p.A., Wirth Steel, A General Partnership, Yieh Phui Enterprise Co. Ltd., Olbert Metal Sales Limited and CCC Steel GmbH

Iscor Limited and Macsteel International (Canada) Limited

Istanbul Ferrous and Non-Ferrous Metal Exporters' Association, Borçelik Çelik Sanayii Tiaret A.S., Borusan Birlesik Boru Fabrikalari A.S., Çebi Metal Sanayi ve Tiaret A.S., Çolakoglu Metalurji A.S., Diler Iron and Steel Works Inc., Eregli Iron and Steel Works Co., HABAS Sinai ve Tibbi Gazlar Istihsal Endustrisi A.S., IÇDAS Çelik Enerji Tersane ve Ulasim Sanayii A.S., Mannesmann Boru Endustrisi T.A.S. and Kaptan Demir Çelik Enustrisi ve Ticaret A.S.

Krivoi Rog State Mining & Metallurgical Integrated Works

Siderurgica del Orinoco C.A.

Annex 48
Witnesses - Injury Hearing - Reinforcing Bars

Witness	Title / Company
Domestic Producers	
Terry G. Newman	President and Chief Executive Officer Co-Steel Lasco Inc.
Angelo Grandillo	President and Chief Executive Officer Stelco McMaster Ltée
Scott Meaney	Manager, Marketing and Sales Gerdau MRM Steel Inc.
Christian Castonguay	Vice-President, Marketing and Sales Ispat Sidbec Inc.
David G. Pastirik	Director Marketing and Development Slater Steels Stainless
Donald K. Belch	Director - Government Relations Stelco Inc.
Others	
André O. Morin	Vice-President Acier AGF Inc.
Myer Deitcher	President Barzelex Inc.
Ugur Dalbeler	Çolakoglu Metalurji A.S.
Steven Cohen	Vice-President Salit Steel
Gregory E. Cox	J.E.D. Metal Sales Inc. Salzgitter Trade, Inc.
Saul E. Bermudez L.	Commercial Manager Long Products Siderurgica del Orinoco (SIDOR), C.A.

CHAPTER XIII

STANDARD PIPE

1. Tribunal's Determination on Increased Imports and Serious Injury

On July 4, 2002, the Tribunal determined that welded and seamless carbon and alloy tubular steel standard pipe to 16" O.D. is being imported into Canada from all sources in such increased quantities since the beginning of 1996, and under such conditions, as to be a principal cause of serious injury to domestic producers of like or directly competitive goods. It also determined that standard pipe imported from the United States accounts for a substantial share of total imports of goods of the same kind and that alone it contributes importantly to the serious injury. The Tribunal has further determined that standard pipe imported from each of Mexico, Israel or another CIFTA beneficiary, and Chile does not account for a substantial share of total imports of goods of the same kind and that standard pipe imported from each of those countries does not contribute importantly to the serious injury. Finally, the Tribunal determined that standard pipe is imported from all sources other than Mexico, Israel or another CIFTA beneficiary, and Chile, in such increased quantities and under such conditions as to be a principal cause of serious injury to domestic producers of like or directly competitive goods.

2. Product and Market

a) Product Description and Use

Welded and seamless carbon and alloy standard pipe up to 16 in. outside diameter is the good subject to this safeguard inquiry. The Schedule of Specified Goods in the Order indicates that the standard pipe subject to this inquiry includes waterwell casing, sprinkler pipe and piling pipe.

Products of this description are referred to throughout as standard pipe.

Standard pipe is produced to the ASTM specifications, which prescribe chemical and mechanical properties. The standard pipe subject to this inquiry includes[248]:

a) plumbing and heating pipe made to the A53 specification;
b) waterwell casing made to the ASTM A589 specification;
c) sprinkler pipe made to the ASTM A795 specification;
d) piling pipe made to the ASTM A252 specification;
e) fencing pipe made to ASTM A795 specification;
f) pipe made to ASTM A106 specification.

Chapter III of this report provides the methodology used to determine the HS Codes under which the subject goods may be imported. The HS Codes and the tariff descriptions for standard pipe can be found in Annex 49 to this chapter.

Standard pipe may be welded or seamless. Welded pipe is made from hot-rolled sheet or plate on a pipe mill by bending flat product to form a tube and then forming a seam by joining the edges by the electric resistance weld (ERW) or continuous weld (CW) process. Seamless pipe is made from steel billets by hot rolling, by hot extrusion, and by drawing or rolling a tube round on a mandrel or plug.

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[248] Tribunal Exhibit GC-2001-001-136.10.05, Administrative Record, Vol. 1 at 210.127.

Standard pipe is used in the construction, agricultural, oil and gas, and general manufacturing industries. Some uses of standard pipe require particular specifications. For example, seamless products are used when the conveyance of water or other liquids under high pressure or temperature requires additional strength and durability.

The European Steel Tube Association (ESTA) argued that A106 seamless pipe is not properly regarded as standard pipe, as it is produced to more rigorous manufacturing and performance standards than is welded pipe. The domestic industry, on the other hand, took the position that A 106 pipe should be included in the definition of standard pipe. The Tribunal notes that in at least one case involving pipe commonly recognized as standard pipe, an ASTM specification (A53) may be satisfied by either seamless or welded goods. Although A106 pipe may be capable of handling more severe conditions than some welded standard pipe, there is a considerable commonality of potential applications. Further, evidence from some questionnaire responses indicate an overlap in prices, depending on grade, between A106 seamless pipe and A53 welded pipe. The Tribunal considers standard pipe of various specifications to be, for the purposes of this inquiry, a single product existing along a continuum, with A106 seamless pipe occupying a place at or near the upper end of the range.[249] The A106 specification is the most demanding of the standard pipe specifications, for use in heavy industrial situations, such as petrochemical plants, gas plants, oil refineries, pressure vessels, nuclear facilities and power generation facilities.

b) Domestic Producers

The major domestic producers of standard pipe are Ispat Sidbec Inc. (Ispat Sidbec), Stelpipe Ltd. (Stelpipe), and IPSCO Inc. (IPSCO). These three producers together produced 112,000 tonnes of standard pipe in 2001.

Ispat Sidbec, a wholly owned subsidiary of Ispat International N.V., produces standard pipe in Montréal, Quebec. The company produces standard pipe using both the CW process and the ERW process.

Stelpipe, a subsidiary of Stelco, is a diversified pipe and tubing manufacturer. Stelpipe produces both carbon steel welded standard pipe and seamless standard pipe at its facilities in Welland, Ontario. Stelpipe produces ERW welded shell from hot-rolled coils that go through a stretch reduction mill. With respect to seamless standard pipe, Stelpipe makes the A106 specification. In this regard, Stelpipe currently imports five-inch diameter shells (green tubes) from United States Steel Corporation. In a series of processing steps, Stelpipe hot-stretch reduces the shell to various smaller diameters.

IPSCO produces ERW standard pipe in Regina, Saskatchewan, Calgary and Red Deer, Alberta, and in the United States. The company previously operated an ERW pipe mill in Edmonton, Alberta, which it closed in 1999.

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[249] *Subsidized Carbon Steel Seamless Pipe*, (12 March 1987), CIT-8-86, (Canadian Import Tribunal).

Algoma Steel Inc. (Algoma) previously operated a seamless tube mill in Sault Ste. Marie, Ontario, which it closed in the first half of 1999.[250] The following year, Algoma concluded a lease arrangement for the pipe mill with Algoma Seamless Tubulars Inc., now Algoma Tubes Inc. (Algoma Tubes), a subsidiary of Siderca S.A. of Argentina and Tubos de Acero of Mexico. Algoma Tubes has been operating the mill since September 15, 2000. To date, Algoma Tubes has produced seamless pipe and tube for the oil and gas industry, but has reported only very small volumes of production of standard pipe.[251]

c) Importers

The Tribunal received 31 questionnaire replies from companies that reported having imported standard pipe during the safeguard inquiry period. A listing of these companies can be found in Annex 50 to this chapter.

According to Statistics Canada data, the top 10 importers of standard pipe during the last three years of the safeguard inquiry period, 1999 to 2001, accounted for 41 percent of the total imports of standard pipe. Of those imports, 55 percent originated in the United States and 45 percent in the rest of the world. In 2001, the three largest importers were R & R Trading Co. Ltd., Sawhill Tubular Products – AK Steel Corporation, and John Maneely Company.

d) Foreign Producers

The Tribunal received 29 questionnaire replies from foreign producers of standard pipe. The five largest producers of standard pipe were AK Steel Corporation, Husteel Co. Ltd, Hyundai Hysco, SeAH Steel Corporation and United States Steel Corporation. Together, these companies accounted for 17 percent of the production of standard pipe reported by respondents. A listing of the companies that replied to the Foreign Producers' Questionnaire can be found in Annex 51 to this chapter.

e) Users

The Tribunal received 11 questionnaire replies from service centres and users of standard pipe. A listing of these companies can be found in Annex 52 to this chapter.

These respondents were companies involved in the following industry sectors: construction, automotive, pipe and tube, water-well drilling, and other manufacturing. Factors affecting purchase decisions are product quality, technical specifications and price. Most of the companies submitted that their purchases of standard pipe required certification to a standard specification.

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[250] Data for Algoma Steel Inc. are included in the data presentation.

[251] The data presentation does not include data for Algoma Tubes or Canadian Phoenix, of Etobicoke, Ontario, a small producer.

f) Marketing and Distribution

Domestic producers sell standard pipe to major distributors that, in turn, sell the pipe to end users or other distributors in Canada. Canadian distributors of standard pipe may purchase pipe from domestic producers or importers, or may import standard pipe directly.

3. Like or Directly Competitive Goods

The principles applicable to the analysis to determine whether products are "like or directly competitive goods" to each other are set out in Chapter IV of this report. On the basis of the evidence on the record, and for the purpose of this inquiry, the Tribunal finds that domestically produced standard pipe, of the same description as the subject goods, constitutes like or directly competitive goods to the subject goods.[252]

4. Determination on Domestic Producers

The collective output of Ispat Sidbec, Stelpipe, IPSCO, and Algoma Tubes constitutes a major proportion of the total domestic production of standard pipe. The Tribunal's injury analysis has been based on the evidence relating to the above mentioned domestic producers and Algoma. In this report, they are sometimes referred to as the "domestic industry".

5. Increased Imports

Table 57 shows the volume of imports into Canada of standard pipe for the years 1996 to 2001 and the volume of domestic production for the same period.

Table 57
Imports and Domestic Production

	1996	1997	1998	1999	2000	2001
Imports (tonnes)	136,969	236,894	237,367	265,856	300,708	276,331
Percent Change		73	0	12	13	(8)
Production (tonnes)	155,391	107,909	148,978	141,112	112,588	112,266
Percent Change		(31)	38	(5)	(20)	0
Imports as a Percentage of Production (%)	88	220	159	188	267	246

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-120C, Administrative Record, Vol. 21 at 52.10.

Parties opposing the imposition of safeguard remedies argued that the evidence shows that there were no significant increases in imports into Canada of standard pipe. They submitted that increases in imports must be significant, sharp, sudden and recent. Furthermore, they submitted that from 2000 to 2001, there was a significant decline in imports.

The Tribunal reviewed the import trends during the entire period of inquiry and determined that there was a recent, sudden, sharp and significant increase in the absolute volume of imports in 1999 and 2000, over 1997 to 1998, the base period.[253] Data in Table 57 show that, in absolute terms, the volume of imports of standard pipe into Canada increased by 12 percent in 1999, to 266,000 tonnes, and increased a further 13 percent in 2000, to 301,000 tonnes. Although imports declined in 2001, their volume remained 16 percent above the level of 1998 and more than double that of 1996. Further, in 2002, the first quarter data show that imports of 70,000 tonnes represented a 126 percent increase over the first quarter of 1996 and were also greater than the first quarter of 1998.[254]

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[252] *Transcript of Public Hearing*, Vol. 1, 20 June 2002, at 101; *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-120.02, Vol. 21 at 63.

During 1999 and 2000, the domestic industry's production of standard pipe decreased by 5 percent and 20 percent respectively. The volume of imports as a percentage of production was 188 percent in 1999 and 267 percent in 2000, significantly greater than the 159 percent in 1998. It dropped only slightly in 2001, to 246 percent, well above the 1998 and 1996 proportions.

Accordingly, the Tribunal concludes that there was a recent, sudden, sharp and significant increase in imports of standard pipe in 1999 and 2000 over 1997 to 1998, the base period, both in absolute terms and relative to domestic production of standard pipe.

6. Unforeseen Developments

Having found that there was a significant increase in imports in 1999 and 2000, the Tribunal must now determine if the increased imports resulted from unforeseen developments.

The domestic industry submitted that import penetration into the Canadian market was due to a number of unforeseen developments, among them an extensive global overcapacity and overproduction in steel products and the Asian economic crisis. Other parties submitted that these developments were not "unforeseen" and could not be linked to the increase in imports.

The Tribunal finds that the significant increase in imports in 1999 and 2000 was due to a number of unforeseen developments. The Asian crisis and the Japanese economic slowdown weakened many economies in Asia, and the collapse of the Commonwealth of Independent States affected markets in Eastern Europe. Notwithstanding the decline in their home markets, the large steel production capacities in these regions were not idled. Steel producers loaded their mills in order to sustain production and employment levels and to maintain cash flow. Because their domestic markets weakened substantially, they were forced to sell a higher proportion of their production into export markets. These developments, linked with general global overcapacity and overproduction, had a broad impact that spilled over into North American markets, placing pressure on U.S. producers as well.[255]

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[253] The period 1999 to 2001 was determined by the Tribunal to be a period of significantly increased imports and was the period during which the Tribunal evaluated the impact of the increased imports on the domestic industry's performance. Accordingly, the Tribunal determined that the base period for comparison purposes was 1997 to 1998.

[254] *Pre-hearing Staff Report – Supplemental Data*, Tribunal Exhibit GC-2001-001-120A, Administrative Record, Vol. 21 at 52.4.

[255] Federal Register, Presidential Documents (7 March 2002), Tribunal Exhibit GC-2001-001-168.21 (single copy exhibit), Administrative Record, Vol. 1M at 196-201.

It is the view of the Tribunal that the impact of global developments was felt in the world steel market for most of the period of inquiry. All these developments had major implications for global steel trade and were a significant factor leading to increased steel exports to Canada from several countries at various points during the period of inquiry.[256] Imports from Japan rose to 36,000 tonnes in 1999, a jump of 29,000 tonnes over 1998, and stayed at roughly the same level in 2000. The effect was exacerbated by imports from China, which, although they dropped by 4,000 tonnes in 1999, rose by almost 14,000 tonnes in the following year. Imports from the Philippines also rose from a negligible base in 1998 to 6,000 tonnes in 1999, and 10,000 tonnes in 2000. Meanwhile, in response to the pressure of global events, imports from the United States rose almost 18,000 tonnes in 1999, and a further 23,000 tonnes in 2000.

A number of anti-dumping measures under SIMA are currently in place covering standard pipe. Even with these measures in place, the pressures on global steel markets were such that Korea, one of the named countries, was one of the larger exporters to Canada in 1999 and 2000.

Accordingly, the Tribunal finds that the significant increase in imports into Canada resulted from the unforeseen world market developments relating to global steel industries, with respect to standard pipe in particular.

7. Serious Injury Analysis

In determining whether serious injury has occurred, the Tribunal examined the factors listed in Chapter IV of this report. These factors are discussed in detail below with a particular focus on developments since 1998, the base year, but also placing them in the context of the period of inquiry.

a) Production, Capacity and Capacity Utilization

Table 58 shows the practical capacity and production volumes of standard pipe in Canada for the years 1996 to 2001.

Table 58
Domestic Production Indicators

	1996	1997	1998	1999	2000	2001
Practical Capacity (tonnes)	1,065,809	1,065,809	1,005,809	958,159	843,000	843,000
Total Production (tonnes)	155,391	107,909	148,978	141,112	112,588	112,266
Percent Change		(31)	38	(5)	(20)	0
Capacity Utilization Rate (%)	15	10	15	15	13	13

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-120C, Administrative Record, Vol. 21 at 52.10.

Practical capacity declined every year from 1997 to 2001, decreasing by 223,000 tonnes, or 21 percent. In 1998, Stelpipe closed its 16-in. ERW mill in Welland. In 1999, Algoma closed its seamless pipe mill in Sault Ste. Marie, and IPSCO closed its ERW pipe mill in Edmonton.

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[256] *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-120, Administrative Record, Vol. 21 at 13.

Total production for domestic market sales and export sales in the period of inquiry decreased each year from 1998 onward. In 1998, Canadian production of standard pipe was 149,000 tonnes. By 2001, it had dropped by 25 percent to 112,000 tonnes. The decline was due entirely to reduced sales to the domestic market and would have been greater but for a minor increase in export sales.

Capacity utilization was relatively stable at 15 percent from 1996 to 1999. The exception was in 1997, when there was a work stoppage at Stelpipe. From 1998 to 2001, the utilization rate declined from 15 percent to 13 percent. Various producers reported that standard pipe is produced on common equipment along with other products. In this regard, capacity utilization involving all products[257] produced on the same equipment was at its lowest level of 38 percent in 1998, then rose to 43 percent in 1999, 61 percent in 2000 and 62 percent in 2001. The improvement in these rates was due, in part, to the series of capacity reductions noted above.

b) Domestic Industry Market Performance Indicators

Table 59 shows the size of the Canadian market and certain market performance indicators for the domestic industry during the period 1996 to 2001.

Table 59
Domestic Industry Market Performance Indicators

	1996	**1997**	**1998**	**1999**	**2000**	**2001**
Apparent Market (tonnes)	267,131	322,368	342,603	369,392	379,624	345,497
Percent Change		21	6	8	3	(9)
Domestic Industry Sales (tonnes)	130,162	85,474	105,236	103,536	78,916	69,166
Percent Change		(34)	23	(2)	(24)	(12)
Market Share (%)	49	27	31	28	21	20
Average Delivered Selling Value ($/tonne)	861	879	839	786	829	769
Percent Change		2	(5)	(6)	6	(7)
Inventories (tonnes)	8,891	10,014	16,232	16,294	13,305	14,959

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-120C, Administrative Record, Vol. 21 at 52.10.

The apparent Canadian market increased from 343,000 tonnes in 1998 to 369,000 tonnes in 1999, to 380,000 tonnes in 2000, an overall increase of 37,000 tonnes, or 11 percent. In 2001, the market lost its gains from the previous two years, and fell by 9 percent to approximately 345,000 tonnes, just above the 1998 level.

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[257] *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-120B, Administrative Record, Vol. 21 at 52.8.

The domestic industry's sales, which peaked at 105,000 tonnes in 1998, fell continuously from that point to their lowest level of 69,000 tonnes in 2001. In 2000 alone, they fell some 25,000 tonnes below the 1999 level, while the market grew by 10,000 tonnes.

In 1999, when the apparent market grew by 8 percent, domestic producers saw their sales fall by 2 percent and their market share fall by 3 percentage points, to 28 percent. The domestic producers' market share fell a further 7 points, to 21 percent in 2000 and, then, to 20 percent in 2001, less than half the 49 percent share that they held in 1996.

From 1998 to 1999, the domestic industry's average selling values fell from $839 per tonne to $786 per tonne. Values recovered to $829 per tonne in 2000, but fell in 2001 to $769 per tonne, their lowest point in the period of inquiry.

From year-end 1997 to year-end 1998, domestic producers' inventory level of standard pipe grew by 62 percent. It remained at that level in 1999, dropped by 18 percent in 2000, then increased by 12 percent in 2001. The level of inventory in 2001 was 68 percent higher than in the first year of the period of inquiry. As a proportion of production, inventories grew each year, from less than 6 percent of production in 1996 to over 13 percent in 2001.

c) Employment and Related Indicators

Table 60 shows employment and related productivity indicators for domestic producers of standard pipe.

Table 60
Employment and Related Indicators

	1996	1997	1998	1999	2000	2001
Direct Employment	263	116	243	233	183	184
Total Employment	320	164	307	292	229	232
Hours Worked - Total Employment (000)	576	314	599	573	450	460
Productivity (tonnes/hour)	0.23	0.23	0.23	0.23	0.23	0.23
Average Hourly Wage Rate[1] ($/hour)	25	32	27	28	29	32

Note 1: Wages paid before deductions of any kind (e.g. Canada Pension Plan, Employment Insurance, union dues), including wages paid directly for overtime, holidays, vacations and sick leave.

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-120, Administrative Record, Vol. 21 at 21-22.

The total number of employees working in the standard pipe sector of the steel industry peaked in 1996. The number of employees fell by 5 percent in 1999 over 1998 and a further 22 percent in 2000, then remained virtually unchanged in 2001, at a level that was 28 percent below the level of 1996.

Industry productivity on a tonne-per-hour basis was stable throughout the period of inquiry from 1996 to 2001.

The average hourly wage rate increased from $27 per hour in 1998 to $29 per hour in 2000, then to $32 per hour in 2001.

d) Financial Performance Indicators

Table 61 shows financial performance indicators for the domestic producers of standard pipe for the years 1996 to 2001.

Table 61
Financial Performance Indicators

	1996	1997	1998	1999	2000	2001
Net Commercial Sales Volume (tonnes)	106,043	58,328	93,659	95,843	78,401	69,166
Net Commercial Sales Value ($000)	87,178	48,893	75,490	73,252	64,002	52,235
Net Commercial Sales Value ($/tonne)	822	838	806	764	816	755
Cost of Goods Sold ($/tonne)	859	888	929	890	856	786
Gross Margin ($/tonne)	(37)	(50)	(123)	(126)	(39)	(31)
Net Income Before Taxes ($/tonne)	(75)	(101)	(169)	(151)	(75)	(73)
Return on Investment (% of fixed assets)	(102)	(64)	(137)	(139)	(75)	(60)
Cash Flow ($000)	(11,410)	(6,101)	(19,927)	(17,328)	(8,183)	(4,966)

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-120, Administrative Record, Vol. 21 at 23, 25-26; Tribunal Exhibit GC-2001-001-120C, Administrative Record, Vol. 21 at 52.10.

Table 61 shows that, between 1998 and 1999, the net commercial sales value fell from $806 per tonne to $764 per tonne. It increased in 2000 to $816 per tonne, before falling in 2001 to $755 per tonne, its lowest level of the period of inquiry. The decline in volumes sold and net commercial value per tonne resulted in a decline in total revenue from $75 million in 1998 to $52 million in 2001.

On a per unit basis, the cost of goods sold showed an improvement between 1998 and 2001. It declined from a high in 1998 of $929 per tonne to $786 per tonne in 2001, a 15 percent drop.

Gross margins were negative throughout the entire period of inquiry. However, they showed improvement from 1999 to 2001, moving from a loss of $126 per tonne in 1999 to a loss of $31 per tonne in 2001. Part of this improvement resulted from the decline in the cost of goods sold.

Net income before taxes also showed losses throughout the period of inquiry, but the losses declined from 1998 to 2001. In 1998, net income was a loss of $169 per tonne. It improved to a loss of $73 per tonne in 2001. Part of this change resulted from improvements in the cost of goods sold, general, selling, and administration expenses and financial expenses.

The return on investment reached a negative 137 percent of fixed assets in 1998 and a negative 139 percent in 1999, before rising to a negative 75 percent in 2000 and a negative 60 percent in 2001. Cash flow was also negative throughout the period. The largest negative cash flow was, in 1998, at $19.9 million, improving to negative $17.3 million in 1999, negative $8.2 million in 2000, and finally to negative $5 million in 2001. Part of these improvements resulted from improvements in costs.

Evidence on the record indicates that the domestic industry also experienced some difficulty with respect to its ability to raise capital and to ensure continued investment in facilities.[258]

e) Tribunal's Conclusion on Serious Injury

On the basis of the preceding examination of the domestic industry's performance indicators for the period 1999 to 2001, the Tribunal finds that the domestic industry producing standard pipe did suffer significant overall impairment and, thus, incurred serious injury.

During the period 1996 to 2001, the domestic industry was clearly unprofitable. From 1999 to 2001, it incurred significant declines in production, domestic sales, market share, capacity utilization and average selling values. Further, the value of total commercial sales declined sharply by $23 million from 1998 to 2001 as a result of the combined effect of lower sales and selling values. In the Tribunal's view, this amounted to serious injury. While gross margins and net income per tonne improved between 1999 and 2001, primarily as a result of reductions in the cost of goods sold, the improvement in the indicators would have been greater if the industry had been able to maintain its 1998 levels of sales volumes and selling values.

8. Principal Cause of Injury

a) Increased Imports

Table 62
Apparent Market and Price Indicators

	1996	1997	1998	1999	2000	2001
Apparent Market (tonnes)	267,131	322,368	342,603	369,392	379,624	345,497
Percent Change		21	6	8	3	(9)
Import Market Share (%)	51	73	69	72	79	80
Domestic Market Share (%)	49	27	31	28	21	20
Average Delivered Selling Value of Imports ($/tonne)	923	977	1,075	1,079	963	962
Percent Change		6	10	0	(11)	0
Average Delivered Selling Value of Domestic Product ($/tonne)	861	879	839	786	829	769
Percent Change		2	(5)	(6)	6	(7)

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-120C, Administrative Record, Vol. 21 at 52.10.

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[258] Tribunal Exhibit GC-2001-001-124.07 (protected), Administrative Record, Vol. 22.1 at 134; *Transcript of Public Hearing*, Vol. 1, 20 June 2002, at 15.

The domestic industry argued that imports were a principal cause of the serious injury. Several opposing parties submitted that there were factors other than the increased imports that caused the injury to domestic producers. These include production-related issues and cost considerations.

Data in Table 62 show that imports increased their share of the market every year from 1999, the beginning of the period of increased imports. The import share of the market rose from 69 percent in 1998 to 80 percent in 2001. As indicated earlier, total imports increased by 28,000 tonnes, or 12 percent, from 1998 to 1999, and a further 35,000 tonnes, or 13 percent, from 1999 to 2000, for a total of 63,000 tonnes, or 27 percent, during the period of increased imports. It is clear that the increased imports contributed to the sharp and continuing decline in the domestic industry's sales volumes.

The Tribunal is persuaded by the evidence on the record that the increases in imports had a significant impact on the market price of domestic standard pipe. The evidence shows that the average delivered selling value of imports was about $1,075 per tonne in 1998 and 1999, before it dropped by 11 percent ($116 per tonne), to $963 per tonne in 2000. It remained at this level in 2001. The domestic producers' average delivered selling value fell from $839 per tonne in 1998 to $769 per tonne in 2001. In 2001, domestic prices collapsed, as continued high levels of imports resulted in imports claiming 80 percent of a smaller market.

The evidence shows that the average delivered selling value of imports was higher than the average delivered selling value of domestic product. Witnesses testified that this was a result of product mix. The Tribunal heard testimony that ordinary welded A53 pipe, which tends to fall at the lower end of the price range, accounts for a significant portion of sales by domestic producers.[259] Imports, in contrast, include a larger proportion of higher-priced products, such as sprinkler pipe and seamless pipe, along with welded A53 pipe.[260] Evidence on the record shows that imported welded A53 pipe was competing directly with welded A53 pipe sold by domestic producers.[261]

Accordingly, the Tribunal is of the view that, even though average import prices tended to be higher than average domestic prices, it is evident that import prices had a direct, downward impact on domestic prices. The Tribunal accepts the argument that the extremely high and steadily increasing market share of imports from all sources left the domestic industry virtually powerless to influence prices[262] or other marketplace factors. The Tribunal is of the view that the decline in average selling values of imported standard pipe in the 1999 to 2001 period negatively affected both the volumes and values of standard pipe sold by domestic producers. This being the case, there is little doubt that they were a major contributing factor to the decline in domestic production after 1998 and to the severe decline in domestic producers' revenues. In addition, the Tribunal is of the view that the domestic producers' gross margin per tonne and net profit per tonne would have improved more than they did, but for the price effects of increased imports.

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[259] *Transcript of Public Hearing*, Vol. 1, 20 June 2002, at 35.

[260] *Transcript of Public Hearing*, Vol. 1, 20 June 2002, at 36, 102-103.

[261] *Transcript of Public Hearing*, Vol. 1, 20 June 2002, at 101.

[262] *Transcript of Public Hearing*, Vol. 1, 20 June 2002, at 11, 172.

Based on this analysis, the Tribunal is persuaded that the increased imports in 1999 and 2000 were a major factor in causing serious injury to the domestic industry.

b) Other Causes of Injury

Having found that increased imports contributed to the serious injury to the domestic producers, the Tribunal examined other factors that may have contributed to the serious injury, to determine whether the impact of any other factor was greater than that of the increased imports. Importers and foreign producers submitted that the injury was caused by a number of other factors, including a work stoppage at Stelpipe early in the period of inquiry.

i) Production-related Issues

The strike at Stelpipe continued for eight months from the end of 1996 into the summer of 1997. Parties opposed to the domestic producers argued that this strike significantly affected overall production and revenues. The strike coincided with a substantial increase in imports of 100,000 tonnes from 1996 to 1997, while domestic production dropped by 47,000 tonnes. When Stelpipe's operations returned to normal after the strike, the industry was unable to recover its loss of market share and benefit from the increasing size of the market. In an effort to keep its mill running, in 1998, Stelpipe focused its attention on the export market.[263] The Tribunal accepts that the strike in 1996 and 1997 was significant; however, it was early in the period of inquiry and was not a major factor of injury in the period 1999 to 2001.

It was also argued that, when Algoma ceased production of standard pipe, this had a negative effect on the domestic industry. The Tribunal notes that Algoma's withdrawal from production was spaced over an extended period in 1998 and 1999[264] and that the production capacity was replaced, in part, by Stelpipe,[265] the only other domestic producer of seamless pipe at that time. Absent the increased imports, the scope for Stelpipe to replace Algoma's production would have been greater. In the Tribunal's view, Algoma's withdrawal from the standard pipe market does not account, to any significant degree, for the fall in the domestic industry's production from 1998 to 1999 and thereafter. Therefore, it was not a major cause of serious injury.

ii) Industry Cost Considerations

As already noted, the standard pipe industry was not profitable throughout the period of inquiry. The consolidated domestic industry data are influenced significantly by the financial results of Stelpipe, which represent approximately one half of the production of standard pipe in Canada. The Tribunal notes that the Stelpipe operations affected the total industry cost in two ways. First, Stelpipe built a new pipe-making facility in 1992. The financing costs associated with the new facility ranged between $150 and $175 per tonne, which were reflected in Stelpipe's ongoing production costs.[266] Stelpipe intended to put 60 percent of its production of standard pipe through this facility. In fact, the company was not able to do so and found itself in a loss position, which continued into 2001. Witnesses for Stelpipe testified that Stelpipe also had significant, ongoing legacy costs related to pensions and health care, which resulted from the reduction of employment from 1,500 to 450 people. These legacy costs were also reflected in Stelpipe's financial overhead costs.

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[263] *Protected Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-121 (protected), Administrative Record, Vol. 22 at 11; *Transcript of Public Hearing*, Vol. 1, 20 June 2002, at 22.

[264] *Protected Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-121B (protected), Administrative Record, Vol. 22 at 45.

[265] *Transcript of Public Hearing*, Vol. 1, 20 June 2002, at 39; *Protected Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-121B (protected), Administrative Record, Vol. 22 at 45.

The Tribunal has reviewed the level and trend of Stelpipe's costs, particularly from 1998 onwards, to gain a better understanding of their impact on the overall financial performance of the domestic industry. It notes that, although Stelpipe lost money in every year of the period of inquiry, it managed to reduce its unit cost of goods sold in every year after 1998, primarily as a result of decreased overhead and labour costs. These cost reductions were primarily responsible for a reduction in net losses, both on a per tonne basis and in total, in every year since 1998. This occurred despite a reduction in sales volumes.

It is clear that Stelpipe's financial results influenced the total financial results for all producers throughout the period of inquiry. However, in the Tribunal's view, they did not contribute to the declines in production, domestic sales, capacity utilization, and average selling values that the Tribunal found amounted to serious injury. The improvements in Stelpipe's financial results between 1999 and 2001 were a major contributor to the general financial improvement experienced by the domestic producers over that period. However, had it not been for the increase in imports, the improvement would have been larger.

The Tribunal also notes that the other producers, in particular Ispat Sidbec, which accounts for a large portion of the remaining domestic production, experienced severe declines in gross margins and profits between 1998 and 2001.[267] Accordingly, the Tribunal is not convinced that the difficulties of Stelpipe stand alone as a significant cause of the injury.

c) Decrease in Demand

The apparent market for standard pipe declined by 9 percent in 2001. While the decline in the market had an impact on domestic industry sales, the Tribunal is of the view that any negative effect was less than the injury caused by the increase in imports in 1999 and 2000. In 2001, domestic sales declined by 12 percent while the decline in imports was less at 8 percent leading to a further increase in the share of imports in the market.

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266. *Transcript of Public Hearing*, Vol. 1, 20 June 2002, at 14-15.

267. *Protected Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-121 (protected), Administrative Record, Vol. 22 at 25.

d) Tribunal's Conclusion on Principal Cause

Based on the above, it is clear that increased imports are a principal cause of serious injury to domestic producers.

The volume and value of the domestic producers' sales were adversely affected by the decline in the average selling values of imported standard pipe in the years 1999 to 2001. As the producers' market share declined from 28 percent in 1999 to 20 percent in 2001, the producers were left in a position where they had little influence over market prices.

The strike at Stelpipe occurred outside the period of injury and Algoma's withdrawal did not contribute significantly to the decline in production between 1998 and 1999. The financial difficulties experienced by Stelpipe did not cause the injury experienced by the industry in the form of declines in production, domestic sales, capacity utilization and average selling values. Stelpipe's financial performance improved from 1999 to 2001 but the improvement would have been even larger had it not been for the increase in imports. The decline in the apparent market in 2001 negatively affected the domestic producers but the effect was less than that caused by the increase in imports in 1999 and 2000.

In conclusion, none of these other causes was greater than that of increased imports as a cause of serious injury.

9. NAFTA and Other Free Trade Agreement Provisions

In accordance with the principles discussed in Chapter IV of this report, pursuant to the Order, and in accordance with sections 20.01, 20.02 and 20.03 of the CITT Act, the Tribunal conducted the following analysis with respect to imports from NAFTA countries, Israel or another CIFTA beneficiary, and Chile.

a) Substantial Share of Total Imports

In order to determine whether the imports of the goods from a NAFTA country, Israel or another CIFTA beneficiary, and Chile account for a substantial share of total imports of those goods, the Tribunal analyzed import volumes of standard pipe by country.

Data on imports from the top five countries presented in Table 63 show that, for the most recent three-year period, the United States is the largest supplier of standard pipe to Canada, while Mexico, Israel or another CIFTA beneficiary, and Chile are not among the top five suppliers of standard pipe. Accordingly, the Tribunal determines that the quantity of standard pipe imported from the United States accounts for a substantial share of total imports of goods of the same kind. The Tribunal further determines that the quantity of standard pipe imported from each of Mexico, Israel or another CIFTA beneficiary, and Chile does not account for a substantial share of total imports of goods of the same kind.

Table 63
Imports from the Top Five Countries

(tonnes)

	1996	1997	1998	1999	2000	2001	1999-2001
United States	106,374	176,315	157,703	175,389	198,756	169,468	543,612
Japan	2,671	4,839	6,742	35,836	33,229	29,665	98,730
Korea	4,646	10,174	27,802	14,137	7,919	22,205	44,261
China	168	4,095	7,338	3,508	17,100	21,902	42,510
Philippines	2,198	1,148	272	6,057	10,126	5,859	22,042

Note: Listed in order of total imports for the period 1999-2001.

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-120, Administrative Record, Vol. 21 at 12.

b) Contribution to Serious Injury

i) United States

Table 64 compares the rate of growth of imports from the United States with that of imports from all countries.

Table 64
Imports from the United States and Total Imports

(tonnes)

	1996	1997	1998	1999	2000	2001	Percent Change 1998-2000
United States	106,374	176,315	157,703	175,389	198,756	169,468	26.0
Total Imports	136,969	236,894	237,367	265,856	300,708	276,331	26.7

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-120, Administrative Record, Vol. 21 at 12.

The period in which the injurious surge of imported standard pipe occurred was 1999 and 2000. From 1999 to 2000, the U.S. share of imports was 66 percent. The import volume from the United States went from 158,000 tonnes in 1998 to 199,000 tonnes in 2000, an increase of 26 percent. In comparison, the import volume from all sources increased by 27 percent over the same period. During that period, imports from the United States and from the rest of the world grew at about the same rate. The increase in imports from the United States was 18,000 tonnes in 1999 and 23,000 tonnes in 2000, approximately two thirds of the total increase in each of those years. On the basis of the above data, and considering that the growth rate of the imports from the United States during the period in which the injurious surge in imports occurred was not appreciably lower than the growth rate of total imports from all sources over the same period, the Tribunal determines that imports of standard pipe from the United States contributed importantly to the serious injury suffered by the domestic producers.

ii) Mexico, Israel or Another CIFTA Beneficiary, and Chile

Given the very low levels of imports from Mexico, which were less than 2 percent of all imports from 1998 to 2001,[268] and the fact that they declined after 1999, the Tribunal finds that imports from Mexico did not contribute importantly to the serious injury experienced by the domestic producers.

With respect to Israel or another CIFTA beneficiary, and Chile, imports from those countries were insignificant. Consequently, the Tribunal finds that neither the imports from Israel or another CIFTA beneficiary, nor those from Chile contributed importantly to the serious injury.

c) Injury Caused by Imports from the Rest of the World

Given that imports from Mexico, Israel or another CIFTA beneficiary and Chile were very limited and that Mexican imports decreased during the period of the significant increase in imports, the Tribunal is convinced that its finding that increased imports from all sources were a principal cause of serious injury would not be changed by the exclusion from its determination of imports from Mexico, Israel or another CIFTA beneficiary, and Chile.

Therefore, the Tribunal determines that standard pipe is imported from all sources other than Mexico, Israel or another CIFTA beneficiary, and Chile in such increased quantities and under such conditions as to be a principal cause of serious injury to domestic producers of like or directly competitive goods.

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[268] *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-120, Administrative Record, Vol. 21 at 15.

Annex 49
HS Code Descriptions – Standard Pipe

2001 HS Code		2001 Description
7304		Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel.
		-Other, of circular cross-section, of iron or non-alloy steel:
730439		--Other
7304391000		---For blast furnaces for smelting iron ore; For use in the manufacture of cylinders for calendering, supercalendering or embossing paper or textiles; For use in the manufacture of drill pipe, casing or tubing, or fittings, couplings, thread protectors or nipples therefor, for natural gas or oil wells; For use in the manufacture of separators or treaters (water, oil, gas) for installation between the wellhead assembly or surface oil pumping unit and the field marketing valve at oil or natural gas wells; Tubes and pipes, centrifugally cast, with plain ends, having a wall thickness of 15.875 mm or more but not exceeding 63.5 mm, for use in the manufacture of rolls for paper-making machinery
73043920		---Tubes and pipes, for use in the manufacture or repair of pressure parts of boilers, pulp mill digesters or vessels for the refining or oil
	7304392010	----For power boilers
	7304392080	----For other boilers
	7304392090	----Other
73043990		---Other
	7304399020	----Standard pipe
	7304399090	----Other
		-Other, of circular cross-section, of other alloy steel:
730459		--Other
73045990		---Other
	7304599020	----Standard pipe
	7304599090	----Other
7306		Other tubes, pipes and hollow profiles (for example, open seam or welded, riveted or similarly closed), of iron or steel.
730630		-Other, welded, of circular cross-section, or iron or non-alloy steel
73063010		---For use in the manufacture of goods of Section XVI or of Chapter 73, such goods being used in the recovery or production of crude oil from shales, oil-sands or tar-sands; Tubes and pipes, cold-drawn after welding, of an external diameter not exceeding
		----Galvanized, of an external diameter not exceeding 114.3 mm
	7306301014	-----Standard pipe
	7306301019	-----Other
		----Other, of an external diameter not exceeding 114.3 mm:
	7306301024	-----Standard pipe
	7306301026	-----Other
		----Of an external diameter exceeding 114.3 mm:
	7306301034	-----Standard pipe
	7306301039	-----Other
73063090		---Other
		----Galvanized, of an external diameter not exceeding 114.3 mm:
	7306309014	-----Standard pipe
	7306309019	-----Other
		----Other, of an external diameter not exceeding 114.3 mm:
	7306309024	-----Standard pipe
	7306309029	-----Other
		----Of an external diameter exceeding 114.3 mm:

2001 HS Code		**2001 Description**
	7306309034	——Standard pipe
	7306309039	——Other
73065000		-Other, welded, of circular cross-section, or other alloy steel
	7306500090	——Other
730660		-Other, welded, of non-circular cross-section
73066090		—Other
		——Of iron or non-alloy steel:
	7306609019	——Other
		——Of alloy steel:
	7306609029	——Other
730690		-Other
7306901000		—Tubes, pipes and shells, to be employed in pneumatically breaking down the working face of a mine
73069090		—Other
	7306909010	——Of iron or non-alloy steel
	7306909020	——Of alloy steel

Source: *Customs Tariff*, 1996 to 2001.

Annex 50

Companies that Responded to the Tribunal's Importers' Questionnaire - Standard Pipe

A.J. Forsyth, A Division of Russel Metals Inc.
Allied Tube & Conduit
Argo Sales Ltd.
BHP Steel Americas, Inc.
Cantak Corporation
Canvil, A Division of Mueller Canada Ltd.
Castle Tubulars Inc.
Christianson Pipe & Oilfield Equipment – division of Flint Energy Services Ltd.
Dominion Steel Ltd.
Earle M. Jorgensen (Canada) Inc.
Emco Limited
Exxon Mobil Canada Ltd.
Ferrostaal Metals Ltd.
IMCO International Inc.
IPSCO Inc./IPSCO Ontario Inc./ IPSCO Saskatchewan Inc.
Ispat Sidbec Inc.
John Maneely Company
Knightsbridge International Corp.
Macsteel International (Canada) Ltd.
Marubeni-Itochu Steel Canada Inc.
Marubeni-Itochu Tubulars Canada Ltd.
Mitsui & Co. (Canada) Ltd. – Vancouver
Nissho Iwai Canada Ltd.
Platinum Grover Int. Inc.
Protin Import Ltd.
Russel Metals Inc.
Sawhill Tubular Products - AK
Sumitomo Canada Ltd.
Thyssen Canada Limited – Trading Division
Western International Forest Products, Inc.
Wirth Steel, A General Partnership

Annex 51
Companies that Responded to the Tribunal's Foreign Producers' Questionnaire - Standard Pipe

Argentina
Siderca S.A.I.C.

Brazil
V&M do Brasil S.A.

China
China Iron and Steel Association / China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters

European Union
Benteler Stahl/Rohr GmbH
Dalmine S.p.A.
Vallourec & Mannesmann

Japan
Kawasaki Steel Corporation
Nippon Steel Corporation
NKK Corporation
NKKTubes
Sumitomo Metal Industries, Ltd.

Kazakhstan
OJSC Ispat Karmet

Korea
Husteel Co., Ltd.
Hyundai Hysco
SeAH Steel Corporation

Mexico
Tubos de Acero de Mexico S.A.

New Zealand
BHP New Zealand Steel Limited

Republic of South Africa
Iscor Limited

Russia
JSC Severstal

Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu
Kao Hsing Chang Iron & Steel Corp.
Yieh Loong Enterprise Co., Ltd.

Turkey
Borusan Birlesik Boru Fabrik Alari A.S.
Erbosan Erciyas Tube Industry and Trade Co. Inc.
Mannesmann Boru Endustrisi T.A.S.

United States
AK Steel Corporation
Bethlehem Steel Corporation
Paragon Industries, Inc
United States Steel Corporation

Venezuela
TAVSA Tubos de Acero de Venezuela S.A

Annex 52

Companies that Responded to the Tribunal's Market Characteristics Questionnaire - Standard Pipe

Steel Service Centres

Del Industrial Metals Inc.
Fraser Valley Steel & Wire Ltd.
Price Steel Ltd.
York Steel Inc.

Wholesalers/Distributors

Comco Pipe and Supply Company
Deschênes et Fils Ltée.
Muellet Flow Control
Rideau Pipe & Drilling Suppliers Ltd.

End Users

Biraghi Canada
Phoenix Fence Inc.
TIW Western Inc.

Annex 53
Submissions - Standard Pipe

Participants that Filed Injury Submissions

Company

Coalition of Canadian Steel Producers

Algoma Tubes Inc.

Acindar S.A.

Aker Maritime Kiewit Contractors

European Steel Tube Association, Benteler Stahl/Rohr GmbH and Vallourec Mannesmann Tubes

Highveld Steel and Vanadium Corporation Limited, New Zealand Steel Limited, Ferrostaal Metals Ltd., Knightsbridge International Corp., Salzgitter AG, Salzgitter Trade, Inc., Thyssen Canada Limited, Hoesch Hohenlimburg GmbH, ThyssenKrupp Electrical Steel GmbH, BHP Steel Americas, Inc., BHP Steel Ltd., TradeARBED Canada Inc., ThyssenKrupp Steel North America, Inc., ThyssenKrupp Stahl AG, Thyssen AST USA, Inc., ThyssenKrupp Electrical Steel AST S.p.A., Wirth Steel, A General Partnership, Yieh Phui Enterprise Co. Ltd., Olbert Metal Sales Limited and CCC Steel GmbH

Iscor Limited and Macsteel International (Canada) Limited

Istanbul Ferrous and Non-Ferrous Metals Exporters' Association, Borusan Birlesik Boru Fabrikalari A.S. and Mannesmann Boru Endustrisi T.A.S.

Protin Import Ltd.

Siderca S.A.I.C.

Tubos de Acero de Venezuela S.A.

Tubos de Acero de México, S.A.

U.S. Mills (AK Steel, Bethlehem Steel, Paragon Industries, Castle Tubulars and United States Steel International)

Western International Forest Products, Inc.

Annex 54

Witnesses - Injury Hearing - Standard Pipe

Witness	Title / Company
Domestic Producers	
Richard Leblanc	President and Chief Executive Officer Ispat Sidbec Inc.
John A. Dixon	General Manager, Pipe Ispat Sidbec Inc.
Jorge Mitre	Managing Director Algoma Seamless Tubulars, Inc.
Glenn A. Gilmore	Trade Supervisor IPSCO Inc.
James E. (Jef) Fry	General Manager Stelpipe
Others	
Michel Labelle	General Manager Biraghi Canada
Özkan Özdemir	Export Manager Borusan Mannesmann Boru Yatirim Holding A.S.
Kevin O'Reilly	Director, National Procurement Distribution EMCO Limited
Lyle Dyment	General Manager Ferrostaal Metals Ltd.
Roland Balkenende	Director Tenaris
Lawrence McBrearty	National Director United Steelworkers of America

CHAPTER XIV

RECOMMENDATIONS ON APPROPRIATE REMEDIES

1. Introduction

Section 4 of the Order provides that, "where the Tribunal determines that imports of any of the goods as specified are a principal cause of serious injury, or threat thereof, to the domestic producers of like or directly competitive goods, the Tribunal shall provide recommendations in respect of the good as to the most appropriate remedy to address, over a period of three years, the injury caused or threatened to be caused by increased imports of that good, in accordance with Canada's rights and obligations under international trade agreements."

In this chapter, the Tribunal provides recommendations in respect of the five products for which it found serious injury. In formulating its recommendations, the Tribunal was mindful of Canada's obligations under the WTO Safeguard Agreement, NAFTA, CIFTA and the CCFTA.

This chapter has nine parts. Following this introduction, the second part sets out the reasons for the Tribunal's choice of remedies. The third outlines the details of the remedies proposed and explains why the remedies, as proposed, should meet the requirements of the Order. The next five parts detail the suggested remedy for each of the five products. The final part considers the requests for exclusion for goods allegedly not available from domestic producers.

2. Choice of Remedies

Three different types of trade measures can be used to remedy the serious injury caused by the increased imports of each of the five products. The first is simple tariffs, which apply to all imports irrespective of their volume. The second is tariff rate quotas, which impose different tariff rates below and above a predetermined import volume threshold. Finally, there are quotas, which establish an upper limit on the absolute volume of imports that can enter the market within a given period of time.

The Tribunal considered all the evidence and arguments presented on the subject of remedies, including the relative suitability of the three types of remedies available. The Tribunal heard witnesses for domestic producers, importers, steel service centres, and users in the automotive, manufacturing and construction sectors. The Tribunal also heard a witness testifying on behalf of the Commissioner of Competition (the Commissioner). Importers and exporters argued in favour of tariff rate quotas. In contrast, both the Commissioner and the Coalition of Canadian Steel Producers (the Coalition) argued in favour of a tariff remedy, although at different rates. The Coalition submitted that tariffs of 40 percent to 50 percent should be applied, while the Commissioner submitted that tariffs of less than 10 percent would suffice.

The Commissioner, while stating that "any of the proposed remedies are likely to be very costly to the Canadian economy and particularly to the downstream purchasers of steel,"[269] suggested that tariffs would be the least damaging. The Commissioner argued that a tariff would be effective, easy to administer and less of a burden on the users of the protected product than a remedy involving some form of quantitative restriction. Tariffs, in the Commissioner's view, allow users more flexibility in choosing the best source of supply, work better in the presence of demand uncertainties and allow for a more efficient allocation of resources, since all users face the same price. The Commissioner urged that, with respect to the level of tariff, the benefits to the producers be weighed against the negative impacts on downstream markets. For its part, the Coalition argued that a tariff would be effective, easy to administer and transparent.

The Tribunal accepts the Commissioner's and the Coalition's arguments in respect of reinforcing bars and recommends a tariff, as this recommended remedy does not apply to the United States. However, where the recommended remedy applies to the United States, that is, with respect to discrete plate, cold-rolled sheet and coil, angles, shapes and sections, and standard pipe, the Tribunal recommends a TRQ.

The Tribunal faced a challenging task in determining what remedy it should recommend with respect to imports from the United States. For four products, the evidence and submissions of the Coalition and others demonstrated clearly that imports from the United States contributed importantly to the serious injury suffered by domestic steel producers. Thus, if the serious injury is to be adequately addressed, imports from the United States have to be covered by the remedy.

The steel market is integrated on a North American basis as a result of the Canada-United States Free Trade Agreement and NAFTA. The downstream users of steel products compete vigorously with U.S. downstream users. The Tribunal believes that a tariff against imports from the United States would be highly disruptive of this economic integration. The Commissioner's support for the tariff remedy appeared to assume that it would not be applied to imports from the United States.[270]

Furthermore, Article 802(5)(b) of NAFTA provides that the remedy must not have the effect of reducing imports from the United States "below the trend of imports . . . over a recent representative base period with allowance for reasonable growth." If a tariff remedy were imposed against imports from the United States, it would be very difficult to predict what level of tariff would comply with this NAFTA requirement. Thus, the Tribunal is of the view that, to comply with NAFTA, any tariff remedy for the four products in question would need to exempt imports from the United States. The difficulty is that, because imports from the United States have been found to contribute to the serious injury, Canada's other international trade obligations would generally require that the remedy also apply to imports from the United States.

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269. Public submission of the Commissioner of Competition, Tribunal Exhibit GC-2001-001-185A, Administrative Record, Vol. 1N at para.7.

270. *Transcript of Public Hearing*, Vol. 2, 25 July 2002, at 284-87.

Even if this difficulty could be overcome, problems would remain under Canada's international trade obligations. A tariff to remedy all injury due to increased imports would have to be calculated based on imports from all sources, including the United States. If only imports not originating in the United States were subject to that tariff, it would not remedy the injury, since a large proportion of the injury originates with imports from the United States. If the tariff were set at a level that, in effect, caused imports not originating in the United States to remedy the portion of the serious injury caused by those imports, this would be inappropriate.

Based on the foregoing analysis, the Tribunal believes that a TRQ is a more effective remedy than a tariff for the four products for which imports from the United States contributed importantly to the injury. It would encourage the volume of imports to return to the level held prior to the injurious surge, while, in the form recommended, it would include an element of growth consistent with the actual growth of the market for each product during the period of inquiry. Above the threshold, set for each product at a volume that the Tribunal holds to be non-injurious, it would apply a surtax designed to preclude a recurrence of injurious import surges. In the Tribunal's view, a TRQ, in limiting import penetration, should enable the domestic industry to increase its production, sales and market share. This will benefit the domestic producers in terms of profitability and return on investment.

This remedy recognizes that, under NAFTA, the North American market is the principal market for many user industries in Canada. Accordingly, it reserves a portion of the TRQ for imports from the United States. This approach also complies with Canada's obligations under Article 802 of NAFTA, as discussed above.

The application of a TRQ to imports from all countries should place upward pressure on the prices of imports. In an environment of limited in-quota supply, it is likely that imports of a good originating offshore would be sold at the prevailing market price. Indeed, the existence of a TRQ would encourage importers to realize the largest possible margin on the in-quota sales, knowing that the margins on the above-quota sales will be less.[271] The base volume allocated to the United States would allow U.S. suppliers to continue to participate actively in the Canadian steel market, to complete the Canadian supply picture and to maintain a needed level of competition. The Tribunal heard considerable testimony that, in the context of an integrated North American market, U.S. and Canadian market prices have historically been closely linked. The Tribunal believes that the constraints of a TRQ will remove the downward price pressures caused by significantly increased volumes of imports, enabling this historical linkage to re-establish price stability. The base volume allocated for U.S. products should not lead to a price premium in the Canadian market over the U.S. market. Rather, it should allow market forces to continue to determine the price of steel goods within this integrated North American market.

A TRQ would allow the North American market to operate largely without interference and discourage the creation of a price premium for steel products in Canada over those in the United States. Such a price premium would, in the opinion of the Tribunal, put at risk the competitiveness of Canadian downstream users of steel in both the domestic and export markets.

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[271] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 252.

Parties raised a number of arguments against the Tribunal recommending a TRQ remedy. The first argument is that a TRQ remedy is not effective in remedying the serious injury to the domestic industry from increased imports. The argument is that a TRQ does nothing until the in-quota limit is triggered, and until that time the injury is allowed to continue. As proposed by the Tribunal, TRQ import volumes would be based on an average of representative, non-surge years. As discussed above, this will immediately place downward pressure on volumes of imports and upward pressure on prices. Moreover, the Tribunal's recommendation is for the TRQ to be opened on a quarterly basis. This should preclude speculative rushes to capture the available in-quota volume and should enhance the effectiveness of the TRQ.

The Tribunal does not accept the argument that a tariff rather than a TRQ is required to protect employment in the steel industry. The Tribunal is well aware of the contribution made to the economic health of many communities across the country by employment provided by the domestic producers. A TRQ will protect employment in a more balanced way than a tariff, in that it protects the interests of downstream users and their employees, as well as those directly employed in the steel industry. It would not be beneficial to have a safeguard regime that caused downstream manufacturing jobs to disappear or be exported.[272] This would be harmful, not only to the manufacturing sector but also to production and employment in the steel industry itself. Of the remedies available, a TRQ is likely to be the least damaging to employment across the country.

It was also argued that, with a TRQ, small shipments would continue to establish artificially low prices in the marketplace. The Tribunal is persuaded that a TRQ is a more effective remedy against very low-priced imports than a tariff. Because its impact is proportional to the price of the imports on which it is calculated, an *ad valorem* tariff is not as effective an answer to extremely low-priced imports. A level high enough to discourage the very low-priced goods would be prohibitive for products whose prices represent competitive value. This would make the Canadian market unattractive to exporters whose products are needed in the market and would also be injurious to downstream users. In comparison, a TRQ would encourage importers to maximize the rents that they can achieve from importing a limited amount of steel within quota. Their interests are best served by selling steel with the highest profit margins possible, and there would be little advantage in selling very low-priced steel in the Canadian market. Even if a small volume of very low-priced imports were to be imported, purchasers would know that it would not become a general offering because of the TRQ. For that reason, that importation of very low-priced products should not have a pervasive impact on the overall market price.

It is also important to remember that, under Canada's international trade obligations, safeguard protection is justified only if there is injury caused by a significantly increased volume of imports. A few small shipments, no matter how low their prices, would not, in themselves, justify safeguard protection. Furthermore, if there are very low import prices, these could well be at dumped prices, and if so, international trade agreements provide that they should be addressed by anti-dumping action, not by safeguard action.

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[272] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 130-31, 291-93.

A second argument put forward was that a TRQ constitutes too high an administrative burden. On the contrary, the Tribunal considers that a TRQ can be reasonably administered. An import monitoring system for steel products has been in place in Canada for many years, as are electronic tools for the administration of TRQs on a number of other products. To adapt these mechanisms to the remedies proposed should be a relatively straightforward matter.

Third, it was argued that a TRQ is not transparent, while the impact of a tariff is highly predictable. The Tribunal acknowledges that a tariff is a simpler and more transparent remedy to apply. However, the manner in which a tariff translates into domestic market prices is much less predictable. The price impact of a tariff will depend on market conditions inside and outside the market to be protected. A TRQ provides certainty in terms of the volume and timing of imports. First, the application of the TRQs, quarter-by-quarter, with no forward borrowing, would provide a clean slate at frequent, known intervals (in fact, intervals that are up to one half of typical lead times from offshore sources). Second, an allocation of NAFTA entitlements to the United States would provide certainty for the largest exporting country by far to the Canadian market. It would also leave the field clear for imports from the rest of the world to enter the market with known time and volume limits. Because there would not be a country-specific allocation of quota to exporters from the rest of the world, there is opportunity for movement within that envelope. Finally, the terms applicable to an importer would be known at the time that the request for an import license is made. In view of these elements of a TRQ remedy, the Tribunal considers the proposed remedy to be satisfactorily transparent.

Fourth, the Tribunal received argument that a TRQ is inflexible in the face of changes in market conditions and might lead to shortages of supply in the market. In the Tribunal's view, the levels of the above-quota surtaxes recommended are not sufficient to have this effect. In the face of a significant change in market conditions and the need for more steel in the domestic market, importers would be able to bring steel into Canada, by paying the above-quota surtax. In this regard, the above-quota tariff rate proposed is, in the case of every product, lower than, or comparable to, the tariff imposed on comparable products under the U.S. safeguard. Finally, it is noted that the Tribunal has recommended that the Government may wish to consider adjusting, on an annual basis, the proposed increases for the within-quota amounts depending on the performance of the Canadian economy and the demand for the five steel products.

Fifth, there was an argument that, with a TRQ, there is a significant possibility that different users will face different prices, leading to an inefficient allocation of resources. Given that the U.S. allocation is sufficiently liberal to allow U.S. market prices to continue their leadership role in the integrated steel market, and the remaining allocation is sufficient to encourage imports to sell at the prevailing market price, inefficiency in the allocation should be minimized.

3. Details of the Remedies Proposed

In formulating its recommendations, the Tribunal has taken into account both the needs of domestic producers that have been injured by increased imports and the interests of the downstream users. The Tribunal believes that there is an important public interest issue in achieving a balanced recommendation on remedy, one that removes the serious injury to the domestic producers of the five products from increased imports, while recognizing the integration of the North American market for steel, and minimizing the costs to the Canadian economy. In this approach, the Tribunal is taking into account the positions of all interested parties and is recommending that safeguard measures be applied only to the extent necessary, and in a manner consistent with NAFTA and Canada's multilateral obligations.

Article 2(2) of the Safeguard Agreement provides that safeguard measures shall be applied to a product being imported irrespective of its source. However, Article 802(1) of NAFTA, Article 4.6(2) of CIFTA and Article F-02(2) of the CCFTA require that imports of a good from parties to these agreements be excluded from safeguard measures unless imports from a Party account for a substantial share of total imports; and imports from a Party contribute importantly to the serious injury, or threat thereof, caused by imports. In other words, if either or both of these conditions are not met, the imports from a Party must be excluded from a safeguard action. Therefore, as indicated below, the Tribunal has excluded, from its recommended measures, imports from Canada's free trade partners that do not meet those two conditions. The Tribunal recommends that the Government monitor these imports on an ongoing basis.

Having determined, for the five relevant products, that imports from the remaining countries caused serious injury to the domestic producers of like or directly competitive goods, the Tribunal recommends that measures be applied to imports from those remaining countries.

Article 9.1 of the Safeguard Agreement provides that "safeguard measures shall not be applied against a product originating in a developing country Member as long as its share of imports of the product concerned in the importing Member does not exceed 3 percent, provided that developing country Members with less than 3 percent import share collectively account for not more than 9 percent of total imports of the product concerned." Consequently, the Tribunal recommends that imports from developing countries that meet these conditions during a recent representative period be excluded from the application of safeguard measures. Further, the Tribunal recommends that the Government monitor these imports on an annual basis to ensure ongoing compliance with the conditions of the exclusion. If the conditions do not continue to be met, the exclusion should be withdrawn.

a) Tariff Rate Quotas

For each of the four products for which the Tribunal has proposed a TRQ, the Tribunal recommends:

- That the in-quota volume representing the total amount of permitted imports at the in-quota rate be fixed, as required by Article XIII:2(a) of GATT. The Tribunal recommends that the in-quota volume be based on the average of the most recent representative years for each product. The choice of years captures the normal trend in the growth of imports, as well as the trend in the share between the United States and the rest of the world. In recommending in-quota volumes, the Tribunal has taken into account its recommendations for the exclusion of goods that are not available from domestic producers.

- That no surtax be applied to the in-quota imports. This will permit a non-injurious level of imports to enter the country without restriction.
- That the above-quota surtax be set at a level that will ensure that imports above the in-quota volume do not cause the continuation of serious injury. The surtax proposed by the Tribunal corresponds to the increase in the price of above-quota imports that the Tribunal believes is necessary to ensure that any above-quota imports enter Canada at non-injurious price levels. A non-injurious price level is considered to be one that would allow the domestic producers to sell products at prices similar to those in the year or years before the injurious increase in imports.

  In determining the appropriate level of the above-quota surtax, the Tribunal considered for each product (1) the serious injury caused by increased imports, (2) the views of the various parties on the level of surtax required, (3) the methodologies suggested by various parties for establishing a surtax, (4) domestic prices in periods before and after the injurious increase in imports, (5) the level of surtax imposed in the United States, given the integrated nature of the North American market and (6) the recent developments in the market for each of the products.
- That a share of the in-quota volume be allocated to the United States. This allocation is consistent with the obligation of Article XIII:2(d) of GATT to allot a share to a supplying country having a substantial interest in supplying the product. The Tribunal notes that no other country has, in any of the four products concerned, a share approaching that of the United States. In the Tribunal's view, given the import share of the other supplying countries, no other country is a substantial supplier of the product to Canada. Accordingly, there is no international obligation to allocate a share of the in-quota volume to any country other than the United States.

  The Tribunal allocated a share of the quota to the United States based on the average of the most recent representative years for each product. This is consistent with paragraph 5(a) of the Order.
- That the level of the above-quota surtax be reduced by half over the three years of application of the measures and that the in-quota volume be increased each year by an amount equivalent to the rate of growth of the total apparent market during the period of inquiry. This is consistent with Article 7.4 of the Safeguard Agreement, which provides that, in order to facilitate adjustment, the Member applying the safeguard measures shall progressively liberalize them at regular intervals during the period of application.
- That the in-quota volume be administered in Canada, i.e. that it be an import quota. The quota will be opened on a quarterly basis on a first-come first-served basis on presentation of a firm order. Any unused portion in a quarter will be allocated to the

following quarter. At year-end, any unused portion will lapse. The Tribunal notes that this mechanism mirrors that currently in effect in the European Union and should discourage speculative purchases.

The Tribunal believes that the combination of all these elements presents the most appropriate, effective and balanced remedy to the serious injury caused by the increased imports.

b) Tariff

With respect to reinforcing bars, the Tribunal has recommended the imposition of a tariff. In determining the appropriate level of the tariff, the Tribunal considered (1) the serious injury caused to the domestic producers of reinforcing bars by increased imports, (2) the views of the various parties on the level of surtax required, (3) the methodologies suggested by various parties for establishing a surtax, (4) domestic prices in periods before and after the injurious increase in imports, (5) the level of surtax imposed in the United States and (6) recent developments in the market for reinforcing bars. In the Tribunal's view, the recommended level for the surtax provides the appropriate amount of price and revenue relief to remedy the serious injury caused by the increased imports. The level of the surtax will be reduced by half over the 3-year period of application of the measures.

c) Periodic Review

The Tribunal also believes that the Government should periodically review these measures to ensure that they remain appropriate. This recommendation reflects the fact that Canadian and global market conditions could change significantly during the period of the application of the measures. Also, the Canadian Government should take account of the manner in which safeguard measures are applied in the United States and of any changes that may be made there in response to market or other conditions.

4. Recommendation for Discrete Plate

The Tribunal recommends that the Governor in Council impose a TRQ on imports of discrete plate for a period of three consecutive years, in accordance with the Tribunal's general recommendations on TRQs, as outlined in Part 3(a) of this chapter. The following table shows the recommended TRQ, including the in-quota volume, the allocation to the United States, the volume for the rest of the world and the above-quota surtax.

Table 65
Recommendation on Remedy for Discrete Plate
(000 tonnes)

	In-quota Volume	U.S. Allocation	Rest of the World Volume	Above-quota Surtax
First Year	334	213	121	25%
Second Year	343	219	124	18%
Third Year	352	225	127	12%

The TRQ applies to all imports except those from Mexico, Israel or another CIFTA beneficiary, and Chile. Further, the TRQ does not apply to imports from developing countries other than China and South Africa, whose imports are subject to the TRQ.

The Tribunal, in accordance with its mandate, has analyzed all the submissions received on the issue of product exclusion and has made appropriate recommendations. These are contained in Appendices IV, V and VI.

a) Reasons for the Tribunal's Recommendation on Remedy

As the Tribunal found that the increased imports of discrete plate[273] are a principal cause of serious injury to the domestic producers of like or directly competitive goods, the Tribunal must provide recommendations as to the most appropriate remedy to address, over a period of three years, the injury caused by increased imports of discrete plate, in accordance with Canada's rights and obligations under international trade agreements.

Moreover, in light of NAFTA obligations and as the Tribunal found that imports of discrete plate from the United States account for a substantial share of total imports of discrete plate and contribute importantly to the serious injury, the Tribunal must provide a recommendation that addresses the injury from imports from the United States but that would not have the effect of reducing imports from the United States below the trend of imports over a recent representative base period with allowance for reasonable growth.

The recommended remedies do not apply to imports from Mexico, Israel or another CIFTA beneficiary, and Chile because imports from these free trade partners did not account for a substantial share of total imports of discrete plate into Canada and did not contribute importantly to the serious injury.

The Tribunal considers that a remedy is needed to permit the industry to regain market sales lost to increased imports. This, in turn, should lead to increased market share, higher prices, increased capacity utilization and improved financial performance (i.e. increased gross margins, profits, return on investment and cash flow). This will also assist the industry to realize its investment plans. In sum, the recommended safeguard measures should remedy the injury caused by increased imports.

The Tribunal also considered the current state of the market for discrete plate. Prices for discrete plate in Canada rose in the first half of 2002, [274] but did not return to pre-surge levels. Prices rose by about the same amount in the United States,[275] moving upwards after the U.S. safeguard action.[276] In Canada, there were further price increase announcements for the third quarter of the year,[277] but it was not clear whether the price increases planned for the second half of 2002 would hold.[278]

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[273] See Chapter V for the product definition.

[274] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 7-8.

[275] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 14-15.

[276] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 79 .

The market for discrete plate in both Canada and the United States in 2002 was described in evidence as soft,[279] affected in Canada by the slowdown in the capital goods sector and in heavy equipment manufacturing.[280] As a result, plant capacity utilization has been unusually low and delivery time uncharacteristically short on both sides of the border.[281]

In light of these considerations, and those outlined in Part 3(a) of this chapter, the Tribunal recommends that the most appropriate remedy is to impose a TRQ on imports of discrete plate for a period of three consecutive years. In the first year, 334,000 tonnes of discrete plate could be imported without a surtax. Imports of discrete plate in excess of that amount will be subject to a surtax of 25 percent *ad valorem*.

The proposed in-quota volume of 334,000 tonnes is based on the average quantity of discrete plate imported from all countries[282] in the years 1997 and 2001. In subsequent years, the in-quota amount is adjusted upwards by 2.7 percent for the growth in the market. The amount of the in-quota volume will be 343,000 tonnes for the second year and 352,000 tonnes for the third year. This recommended increase is the average annual growth rate in the Canadian market for discrete plate during the period 1996 to 2001. The Coalition submitted that, in 1996 to 1997, imports were at a manageable level.[283] The Tribunal used 1997 because it was the year that preceded the significant increase in imports of discrete plate and the onset of the injury. The Tribunal did not use 1996 because, in its view, 1996 represented a volume of imports more like that in years prior to 1996[284] than in those thereafter and its volume is not representative. The Tribunal also selected 2001 as the most recent year indicative of the state of the market.

The proposed surtax of 25 percent for the first year is the increase in the price of above-quota imports that the Tribunal believes is necessary to ensure that any above-quota imports enter Canada at non-injurious price levels. A non-injurious price level is considered to be one that would allow the domestic producers to sell discrete plate at prices similar to those in the period before the injurious increase in imports.

Subsequently, in keeping with Canada's obligation to progressively liberalize its safeguard measures during their period of application, the Tribunal recommends that the surtax on above-quota imports be reduced to 18 percent in the second year and to 12 percent in the third year.

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[277] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 12.

[278] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 9, 12.

[279] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 13, 15, 196.

[280] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 13.

[281] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 9, 14-15.

[282] All countries except Mexico, Israel or another CIFTA beneficiary, and Chile, and developing countries other than China and South Africa.

[283] Tribunal Exhibit GC-2001-001-400.01, Administrative Record, Vol. 5.5 at para. 183.

[284] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 71; Witness Statement of Mr. James Alfano, Stelco Inc., Witness Statement at D-7, Tribunal Exhibit GC-2001-001-400.01, Administrative Record, Vol. 5.5.

In the Tribunal's view, in-quota imports into Canada in the first year of the TRQ should not exceed 334,000 tonnes, as that would cause injury to Canadian producers of discrete plate. The surtax of 25 percent should ensure that prices of above-quota imports are at non-injurious levels. The Tribunal also considers it important that the level of imports of discrete plate allowed into Canada free of surtax should not be less than 334,000 tonnes. At a lower volume of in-quota imports, there would be a risk of causing difficulties to the international competitiveness of the downstream manufacturing industries in Canada. The Tribunal notes that imports of discrete plate have become, over the years, an important means of supplying the needs of the market.

In light of NAFTA obligations, the Tribunal also recommends allocation of a portion of the annual TRQ on imports of discrete plate to the United States. In the first year, 213,000 tonnes of the global quota should be allocated to imports of discrete plate from the United States. That tonnage will be free of tariff and surtax. Any discrete plate imported in excess of that amount will be subject to the same surtax of 25 percent *ad valorem* as will be imposed on above-quota imports from the rest of the world.

The proposed allocation of 213,000 tonnes is based on the average quantity of discrete plate imported from the United States in the years 1997 and 2001. In subsequent years, the in-quota volume is increased by 2.7 percent to allow for growth in the market. The allocation will be 219,000 tonnes for the second year and 225,000 tonnes for the third year. The Tribunal considers that this allocation of quota should not reduce the volume of imports below the trend of imports over a recent representative period. For imports from the United States, the above-quota surtax will be liberalized in the same way as for the rest of the world.

Finally, the Tribunal recommends that the remedy not apply to imports from developing countries identified in Part 1 of the OECD's Development Assistance Committee (DAC) list, that meet the conditions set out in Article 9.1 of the WTO Safeguard Agreement.[285, 286] The remedy will not apply to imports from developing countries that imported, on average, no more than 3 percent[287] of discrete plate into Canada in the years 1997 and 2001 and whose imports cumulatively accounted for not more than 9 percent of the total imports into Canada during those years. The remedy will, however, apply to imports from China and South Africa, as imports from each of these countries accounted for, on average, more than 3 percent[288] of total imports of discrete plate during the years 1997 and 2001.

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[285] A list of developing countries identified in Part 1 of the OECD's DAC list is attached at Annex 55.

[286] Annex 56 shows the volume of imports of discrete plate from developing countries for the years 1996 to 2001.

[287] On a weighted average basis.

[288] On a weighted average basis.

5. Recommendation for Cold-rolled Sheet and Coil

The Tribunal recommends that the Governor in Council impose a TRQ on imports of cold-rolled sheet and coil for a period of three consecutive years, in accordance with the Tribunal's general recommendations on TRQs, as outlined in Part 3(a) of this chapter. The following table shows the recommended TRQ, including the in-quota volume, the allocation to the United States, the volume for the rest of the world and the above-quota surtax.

Table 66
Recommendation on Remedy for Cold-rolled Sheet and Coil
(000 tonnes)

	In-quota Volume	U.S. Allocation	Rest of the World Volume	Above-quota Surtax
First Year	360	229	131	15%
Second Year	366	233	133	11%
Third Year	371	237	134	7%

The TRQ applies to all imports except those from Mexico, Israel or another CIFTA beneficiary, and Chile. Further, the TRQ does not apply to imports from developing countries other than Turkey, whose imports are subject to the TRQ.

The Tribunal, in accordance with its mandate, has analyzed all the submissions received on the issue of product exclusion and has made appropriate recommendations. These are contained in Appendices IV, V and VI.

a) Reasons for the Tribunal's Recommendation on Remedy

As the Tribunal found that the increased imports of cold-rolled sheet and coil[289] are a principal cause of serious injury to the domestic producers of like or directly competitive goods, the Tribunal must provide recommendations as to the most appropriate remedy to address, over a period of three years, the injury caused by increased imports of cold-rolled sheet and coil, in accordance with Canada's rights and obligations under international trade agreements.

Moreover, in light of NAFTA obligations and as the Tribunal found that imports of cold-rolled sheet and coil from the United States account for a substantial share of total imports of cold-rolled sheet and coil and contribute importantly to the serious injury, the Tribunal must provide a recommendation that addresses the injury from imports from the United States but that would not have the effect of reducing imports from the United States below the trend of imports over a recent representative base period with allowance for reasonable growth.

The recommended remedies do not apply to imports from Mexico, Israel or another CIFTA beneficiary, and Chile because imports from these free trade partners did not account for a substantial share of total imports of cold-rolled sheet and coil into Canada and did not contribute importantly to the serious injury.

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[289] See Chapter VII for the product definition.

The Tribunal considers that a remedy is needed to permit the industry to regain market sales lost to increased imports. This, in turn, should lead to increased production and market share, higher prices, increased capacity utilization and improved financial performance (i.e. increased gross margins, net income before taxes, return on investment and cash flow). This will also assist the industry to realize its investment plans. In sum, the recommended safeguard measures should remedy the injury caused by increased imports.

The Tribunal also considered the current state of the market for cold-rolled sheet and coil. Compared to prices in 2001, prices for cold-rolled sheet and coil in Canada declined in the first quarter of 2002 and then increased in the second quarter of 2002.[290] Prices in Canada tended to follow a similar trend to prices in the United States,[291] although Canadian prices were at a lower level.[292] The U.S. safeguard action, by affecting the availability of the supply both in Canada and the United States, pushed prices up.[293] In Canada, there were further price increases announced for the third quarter of the year,[294] but there was some doubt as to whether they would hold.[295]

The market for cold-rolled sheet and coil was driven by the strong demand in the automotive sector[296] and was characterized by an overall shortage in supply in both Canada and the United States.[297] According to the witnesses for the domestic industry, demand was softening in the second half of 2002, and sales were expected to be down for the year relative to 2001.[298]

In light of these considerations, and those outlined in Part 3(a) of this chapter, the Tribunal recommends that the most appropriate remedy is to impose a TRQ on imports of cold-rolled sheet and coil for a period of three consecutive years. In the first year, 360,000 tonnes of cold-rolled sheet and coil could be imported without a surtax. Imports of cold-rolled sheet and coil in excess of that amount will be subject to a surtax of 15 percent *ad valorem*.

The proposed in-quota volume of 360,000 tonnes is based on the average quantity of the cold-rolled sheet and coil imported from all countries[299] in the years 1997, 1998 and 2001. In subsequent years, the in-quota volume is adjusted by 1.6 percent for the growth in the market. The amount of the in-quota volume will be 366,000 tonnes for the second year and 371,000 tonnes for the third year. This recommended increase is the average annual growth rate in the Canadian market for cold-rolled sheet and coil during the period 1996 to 2001. The Tribunal used 1997 and 1998 because these were the years that preceded the significant increase in imports of cold-rolled sheet and coil and the onset of the injury. The Tribunal also selected 2001 as the most recent year indicative of the state of the market.

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[290] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 25, 26, 119, 189.
[291] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 123, 124.
[292] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 26, 30, 120, 124.
[293] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 124 .
[294] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 27, 196.
[295] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 27, 28.
[296] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 28.
[297] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 121, 122-23, 131, 133, 141, 196, 203, 212.
[298] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 28, 29-30.
[299] All countries except Mexico, Israel or another CIFTA beneficiary, and Chile, and developing countries other than Turkey.

The proposed surtax of 15 percent for the first year is the increase in the price of above-quota imports that the Tribunal believes is necessary to ensure that any above-quota imports enter Canada at non-injurious price levels. A non-injurious price level is considered to be one that would allow the domestic producers to sell cold-rolled sheet and coil at prices similar to those in the period before the injurious increase in imports.

Subsequently, in keeping with Canada's obligation to progressively liberalize its safeguard measures during their period of application, the Tribunal recommends that the surtax on above-quota imports be reduced to 11 percent in the second year and to 7 percent in the third year.

In the Tribunal's view, in-quota imports into Canada in the first year of the TRQ should not exceed 360,000 tonnes, as that would cause injury to Canadian producers of cold-rolled sheet and coil. The surtax of 15 percent should ensure that prices of above-quota imports are at non-injurious levels. The Tribunal also considers it important that the level of imports of cold-rolled sheet and coil allowed into Canada free of surtax should not be less than 360,000 tonnes. At a lower volume of in-quota imports, there would be a risk of causing difficulties to the international competitiveness of the downstream manufacturing industries in Canada. The Tribunal notes that imports of cold-rolled sheet and coil have become, over the years, an important means of supplying the needs of the market.

In light of NAFTA obligations, the Tribunal also recommends allocation of a portion of the annual TRQ on imports of cold-rolled sheet and coil to the United States. In the first year, 229,000 tonnes of the global quota should be allocated to imports of cold-rolled sheet and coil from the United States. That tonnage will be free of tariff and surtax. Any cold-rolled sheet and coil imported in excess of that amount will be subject to the same surtax of 15 percent *ad valorem* as will be imposed on above-quota imports from the rest of the world.

The proposed allocation of 229,000 tonnes is based on the average quantity of cold-rolled sheet and coil imported from the United States in the years 1997, 1998 and 2001. In subsequent years, the Tribunal recommends that the amount of the allocation for the United States be increased by 1.6 percent. The allocation will be 233,000 tonnes for the second year and 237,000 tonnes for the third year. The Tribunal considers that this allocation of quota should not reduce the volume of imports below the trend of imports over a recent representative period. For imports from the United States, the above-quota surtax will be liberalized in the same way as for the rest of the world.

Finally, the Tribunal recommends that the remedy not apply to imports from developing countries identified in Part 1 of the OECD's DAC list, that meet the conditions set out in Article 9.1 of the WTO Safeguard Agreement.[300, 301] The remedy will not apply to imports from developing countries that imported, on average, no more than 3 percent[302] of cold-rolled sheet and coil into Canada during the years 1997, 1998 and 2001 and whose imports cumulatively accounted for not more than 9 percent of the total imports into Canada during those years. The remedy will, however, apply to imports from Turkey, as they accounted for, on average, more than 3 percent[303] of total imports of cold-rolled sheet and coil during the years 1997, 1998 and 2001.

6. Recommendation for Angles, Shapes and Sections

The Tribunal recommends that the Governor in Council impose a TRQ on imports of angles, shapes and sections for a period of three consecutive years, in accordance with the Tribunal's general recommendations on TRQs, as outlined in Part 3(a) of this chapter. The following table shows the recommended TRQ, including the in-quota volume, the allocation to the United States, the volume for the rest of the world and the above-quota surtax.

Table 67
Recommendation on Remedy for Angles, Shapes and Sections
(000 tonnes)

	In-quota Volume	U.S. Allocation	Rest of the World Volume	Above-quota Surtax
First Year	300	216	84	20%
Second Year	323	233	90	15%
Third Year	349	251	98	10%

The TRQ applies to all imports except those from Mexico, Israel or another CIFTA beneficiary, and Chile. Further, the TRQ does not apply to imports from developing countries other than Turkey, whose imports are subject to the TRQ.

The Tribunal, in accordance with its mandate, has analyzed all the submissions received on the issue of product exclusion and has made appropriate recommendations. These are contained in Appendices IV, V and VI.

a) Reasons for the Tribunal's Recommendation on Remedy

As the Tribunal found that the increased imports of angles, shapes and sections[304] are a principal cause of serious injury to the domestic producers of like or directly competitive goods, the Tribunal must provide recommendations as to the most appropriate remedy to

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[300] A list of developing countries identified in Part 1 of the OECD's DAC list is attached at Annex 55.

[301] Annex 57 shows the volume of cold-rolled sheet and coil for the years 1996 to 2001.

[302] On a weighted average basis.

[303] On a weighted average basis.

[304] See Chapter X for the product definition.

address, over a period of three years, the injury caused by increased imports of angles, shapes and sections in accordance with Canada's rights and obligations under international trade agreements.

Moreover, in light of NAFTA obligations and as the Tribunal found that imports of angles, shapes and sections from the United States account for a substantial share of total imports of angles, shapes and sections and contribute importantly to the serious injury, the Tribunal must provide a recommendation that addresses the injury from imports from the United States but that would not have the effect of reducing imports from the United States below the trend of imports over a recent representative base period with allowance for reasonable growth.

The recommended remedies do not apply to imports from Mexico, Israel or another CIFTA beneficiary, and Chile because imports from these free trade partners did not account for a substantial share of total imports of angles, shapes and sections into Canada and did not contribute importantly to the serious injury.

The Tribunal considers that a remedy is needed to permit the industry to regain market sales lost to increased imports. This, in turn, should lead to increased production and market share, higher prices, higher capacity utilization, increased employment and hours worked and improved financial performance (i.e. increased revenues, gross margins, profits, return on investment and cash flow). This will also assist the industry to realize its investment plans. In sum, the recommended safeguard measures should remedy the injury caused by increased imports.

The Tribunal also considered the current state of the Canadian market for angles, shapes and sections. In this regard, a witness for the domestic industry testified that prices in the first half of 2002 declined from the 2001 levels,[305] due to the continued influx of imports and the lingering weakness for capital goods and heavy equipment.[306] Under these circumstances, the domestic industry was not able to raise prices.[307] This witness further noted that the demand for angles, shapes and sections going into the second half of the year and into 2003 was affected by uncertainty with respect to expenditures on capital equipment and significant projects.[308]

Importer and purchaser witnesses provided a somewhat different picture of the market in early 2002. Their consensus appeared to be that, while increases have not been as significant as those reported for the flat products, the prices of angles, shapes and sections have risen since the beginning of the year.[309] It was also reported that there were price increases announced for the third quarter,[310] although it was felt that prices might soften in the latter part of the year.[311] The Canadian market demand was characterized as stable.[312]

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[305] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 45-46.

[306] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 46.

[307] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 46.

[308] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 48.

[309] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 188, 189, 191, 198.

The market for angles, shapes and sections is considered to be a North American market, where Canadian prices follow the U.S. prices and are affected by the same market forces.[313]

In light of these considerations, and those outlined in Part 3(a) of this chapter, the Tribunal recommends that the most appropriate remedy is to impose a TRQ on imports of angles, shapes and sections for a period of three consecutive years. In the first year, 300,000 tonnes of angles, shapes and sections could be imported without a surtax. Imports of angles, shapes and sections in excess of that amount will be subject to a surtax of 20 percent *ad valorem*.

The proposed in-quota volume of 300,000 tonnes is based on the average quantity of the angles, shapes and sections imported from all countries[314] in the years 1997, 1998 and 2001. In subsequent years, the in-quota volume is adjusted by 7.9 percent for the growth in the market. The amount of the in-quota volume will be 323,000 tonnes for the second year and 349,000 tonnes for the third year. This recommended increase is the average annual growth rate in the Canadian market for angles, shapes and sections during the period 1996 to 2001. The Coalition submitted that imports were at manageable levels in 1996 to 1997.[315] The Tribunal used 1997 and 1998 because they were the years that preceded the significant increase in imports of angles, shapes and sections and the onset of the injury. The Tribunal also selected 2001 as the most recent year indicative of the state of the market.

The proposed surtax of 20 percent for the first year is the increase in the price of above-quota imports that the Tribunal believes is necessary to ensure that any above-quota imports enter Canada are at non-injurious price levels. A non-injurious price level is considered to be one that would allow the domestic producers to sell angles, shapes and sections at prices similar to those in the period before the injurious increase in imports.

Subsequently, in keeping with Canada's obligation to progressively liberalize its safeguard measures during their period of application, the Tribunal recommends that the surtax on above-quota imports be reduced to 15 percent in the second year and to 10 percent in the third year.

In the Tribunal's view, in-quota imports into Canada in the first year of the TRQ should not exceed 300,000 tonnes, as that would cause injury to Canadian producers of angles, shapes and sections. The surtax of 20 percent should ensure that prices of above-quota imports are at non-injurious levels. The Tribunal also considers it important that the level of imports of angles, shapes and sections allowed into Canada free of surtax should not be less than 300,000 tonnes. At a lower volume of in-quota imports, there would be a risk of causing difficulties to the international competitiveness of the downstream manufacturing industries in Canada. The Tribunal notes that imports of angles, shapes and sections have been an important means of supplying the needs of the market.

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[310] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 191-92.

[311] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 191.

[312] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 198, 199.

[313] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 192.

[314] All countries except Mexico, Israel or another CIFTA beneficiary, and Chile, and developing countries other than Turkey.

[315] Tribunal Exhibit GC-2001-001-450.01, Administrative Record, Vol. 15.5 at para. 162.

In light of NAFTA obligations, the Tribunal also recommends allocation of a portion of the annual TRQ on imports of angles, shapes and sections to the United States. In the first year, 216,000 tonnes of the global quota should be allocated to imports of angles, shapes and sections from the United States. That tonnage will be free of tariff and surtax. Any angles, shapes and sections imported in excess of that amount will be subject to the same surtax of 20 percent *ad valorem* as will be imposed on above-quota imports from the rest of the world.

The proposed allocation of 216,000 tonnes is based on the average quantity of angles, shapes and sections imported from the United States in the years 1997, 1998 and 2001. For subsequent years, the in-quota volume is increased by 7.9 percent to allow for growth in the market. The allocation will be 233,000 tonnes for the second year and 251,000 tonnes for the third year. The Tribunal considers that this allocation of quota should not reduce the volume of imports below the trend of imports over a recent representative period. For imports from the United States, the above-quota surtax will be liberalized in the same way as for the rest of the world.

Finally, the Tribunal recommends that the remedy not apply to imports from developing countries identified in Part 1 of the OECD's DAC list, that meet the conditions set out in Article 9.1 of the WTO Safeguard Agreement.[316, 317] The remedy will not apply to imports from developing countries that imported, on average, no more than 3 percent[318] of angles, shapes and sections into Canada during the years 1997, 1998 and 2001 and whose imports cumulatively accounted for not more than 9 percent of the total imports into Canada during those years. The remedy will, however, apply to imports from Turkey, as they accounted, on average, for more than 3 percent[319] of total imports of angles, shapes and sections during 1997, 1998 and 2001.

7. Recommendation for Reinforcing Bars

The Tribunal recommends that the Governor in Council impose a surtax on imports of reinforcing bars for a period of three consecutive years, in accordance with the Tribunal's general recommendations on this tariff, as outlined in Part 3(b) of this chapter. The following table shows the recommended surtax for this three-year period.

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[316] A list of developing countries identified in Part 1 of the OECD's DAC list is attached at Annex 55.

[317] Annex 58 shows the volume of imports of angles, shapes and sections from developing countries for the years 1996 to 2001.

[318] On a weighted average basis.

[319] On a weighted average basis.

Table 68
Recommendation on Remedy for Reinforcing Bars

	Surtax
First Year	15%
Second Year	11%
Third Year	7%

The surtax applies to all imports except those from the United States, Mexico, Israel or another CIFTA beneficiary, and Chile. Further, the surtax does not apply to imports from developing countries other than China and Turkey, whose imports are subject to the surtax.

The Tribunal, in accordance with its mandate, has analyzed all the submissions received on the issue of product exclusion and has made appropriate recommendations. These are contained in Appendices IV, V and VI.

a) Reasons for the Tribunal's Recommendation on Remedy

As the Tribunal found that the increased imports of reinforcing bars[320] are a principal cause of serious injury to the domestic producers of like or directly competitive goods, the Tribunal must provide recommendations as to the most appropriate remedy to address, over a period of three years, the injury caused by increased imports of reinforcing bars, in accordance with Canada's rights and obligations under international trade agreements.

The recommended remedies do not apply to imports from Mexico, Israel or another CIFTA beneficiary, and Chile because imports from these free trade partners did not account for a substantial share of total imports of reinforcing bars into Canada and did not contribute importantly to the serious injury. The remedies do not apply to imports from the United States, as they did not contribute importantly to the serious injury.

The Tribunal considered the current state of the market for reinforcing bars. Prices for reinforcing bars in Canada rose in the first half of 2002,[321] reflecting the steady demand in the construction sector, especially condominium projects.[322] The domestic industry noted that this price increase was offset somewhat by the increase of international scrap prices.[323] As well, it expressed doubts about the viability of its price increases announced for the third quarter, because of the recently returning imports[324] and the large inventory of imports in the market purchased in anticipation of price increases.[325] In fact, the domestic industry planned to reduce its production starting in the third quarter[326] in light of resistance to higher prices in the market.[327] Importer and purchaser witnesses suggested that imports had stopped and provided a somewhat more optimistic market outlook, suggesting higher prices and more robust demand than that stated by the domestic producers.[328]

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[320] See Chapter XII for the product definition.
[321] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 37-38.
[322] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 41, 197.
[323] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 92, 196.
[324] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 39.
[325] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 42, 43, 201.
[326] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 40.

Prices of reinforcing bars also rose slightly in the United States in the first half of 2002.[329] The demand for reinforcing bars was steady to slightly less than in 2001, due in part to reduced spending on highway projects.[330] Compared to Canada, the price increase was more moderate, and Canadian prices are now more in line with U.S. prices.[331] There was also discussion about the price-suppressive impact of imports in the United States, such as those from Turkey, in spite of the U.S. safeguard action.[332]

In light of these considerations, and those outlined in Part 3(b) of this chapter, and given that the remedy will not apply to imports from the United States, the Tribunal recommends that the most appropriate remedy is to impose a surtax on imports of reinforcing bars for a period of three consecutive years. In the first year, the surtax will be 15 percent *ad valorem*.

The surtax proposed corresponds to the increase in the price of imports from countries other than the United States that the Tribunal believes is necessary to ensure that imports from these countries enter Canada at non-injurious price levels. The Tribunal has reached its recommendation on the amount of the surtax based on the principles enunciated in Part 3(b) of this chapter.

The Tribunal's consideration included a comparison between the low market price caused largely by the injurious increase in imports and the higher market price that existed prior to the injurious increase. For this purpose, the Tribunal considers that the market price of reinforcing bars in 1999 was at a non-injurious level, given that 1999 was the year immediately preceding the injurious increase in imports. Also, the Tribunal considers that the market price of reinforcing bars in 2001 is the most reasonable reflection of the low market prices persisting since the injurious surge. There was some evidence of a higher market price in 2002, but the data were inconclusive.

Based on the foregoing, the Tribunal is recommending a surtax at a level that it believes would lead imports to compete with the domestic product at approximately the 1999 price level. In reaching this recommendation, the Tribunal has accepted the argument of the Coalition that, because tariffs are applied on the FOB price of imports, an adjustment of about $75 per tonne is needed to account for freight and other expenses.

The proposed surtax of 15 percent *ad valorem* for the first year is the remedy that the Tribunal considers necessary to assist the industry in regaining market sales lost to increased imports. This, in turn, should lead to increased production, market share, higher prices and improved financial performance (i.e. increased gross margins, net incomes, return on investment and cash flow). This will also assist the industry to realize its investment plans. In sum, the recommended safeguard measures should remedy the injury caused by increased imports.

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[327] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 41.

[328] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 188, 189, 197, 199-201, 222, 223, 253, 254.

[329] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 91.

[330] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 42.

[331] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 255.

[332] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 42.

Further, in subsequent years, in keeping with Canada's obligations to progressively liberalize its safeguard measures during their period of application, the Tribunal recommends that the surtax be reduced to 11 percent in the second year and to 7 percent in the third year.

Finally, the Tribunal recommends that the remedy not apply to imports from developing countries identified in Part 1 of the OECD's DAC list, that meet the conditions set out in Article 9.1 of the WTO Safeguard Agreement.[333, 334] The remedy will not apply to imports from developing countries that imported, on average, no more than 3 percent[335] of reinforcing bars into Canada in the years 1998, 1999 and 2001 and whose imports cumulatively accounted for not more than 9 percent of the total imports into Canada during those years. The remedy will, however, apply to imports from China and Turkey, as imports from each of these countries accounted, on average, for more than 3 percent[336] of total imports of reinforcing bars during the years 1998, 1999 and 2001.

8. Recommendation for Standard Pipe

The Tribunal recommends that the Governor in Council impose a TRQ on imports of standard pipe for a period of three consecutive years, in accordance with the Tribunal's general recommendations on TRQs, as outlined in Part 3(a) of this chapter. The following table shows the recommended TRQ, including the in-quota volume, the allocation to the United States, the volume for the rest of the world and the above-quota surtax.

Table 69
Recommendation on Remedy for Standard Pipe
(000 tonnes)

	In-quota Volume	U.S. Allocation	Rest of the World Volume	Above-quota Surtax
First Year	231	168	63	15%
Second Year	243	177	66	11%
Third Year	256	186	70	7%

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[333] A list of developing countries identified in Part 1 of the OECD's DAC list is attached at Annex 55.

[334] Annex 59 shows the volume of imports of reinforcing bars from developing countries for the years 1996 to 2001.

[335] On a weighted average basis.

[336] On a weighted average basis.

The TRQ applies to all imports except those from Mexico, Israel or another CIFTA beneficiary, and Chile. Further, the TRQ does not apply to imports from developing countries other than China, whose imports are subject to the TRQ.

The Tribunal, in accordance with its mandate, has analyzed all submissions received on the issue of product exclusion and has made appropriate recommendations. These are contained in Appendices IV, V and VI.

a) Reasons for the Tribunal's Recommendation on Remedy

As the Tribunal found that the increased imports of standard pipe[337] are a principal cause of serious injury to the domestic producers of like or directly competitive goods, the Tribunal must provide recommendations as to the most appropriate remedy to address, over a period of three years, the injury caused by increased imports of standard pipe, in accordance with Canada's rights and obligations under international trade agreements.

Moreover, in light of NAFTA obligations and as the Tribunal found that imports of standard pipe from the United States account for a substantial share of total imports of standard pipe and contribute importantly to the serious injury, the Tribunal must provide a recommendation that addresses the injury from imports from the United States but that would not have the effect of reducing imports from the United States below the trend of imports over a recent representative base period with allowance for reasonable growth.

The recommended remedies do not apply to imports from Mexico, Israel or another CIFTA beneficiary, and Chile because imports from these free trade partners did not account for a substantial share of total imports of standard pipe into Canada and did not contribute importantly to the serious injury.

The Tribunal considers that a remedy is needed to permit the industry to regain market sales lost to increased imports. This, in turn, should lead to increased production and market share, higher prices, increased capacity utilization and improved financial performance (i.e. increased revenues, gross margins and net incomes). This will also assist the industry to realize its investment plans. In sum, the recommended safeguard measures should remedy the injury caused by increased imports

The Tribunal also considered the current state of the market for standard pipe. Driven mainly by an active energy sector and capital construction,[338] the Canadian market was described as strong and robust during the first 4 to 5 months in 2002.[339] As a result, the selling price of standard pipe rose following a series of announced price increases.[340] There were also announcements of increases for the third quarter of the year.[341] Affected by similar factors, both the level and trend of the prices in the United States are comparable to those in Canada.[342] In addition to the effect of prevailing North American prices, the price for standard pipe in Canada was influenced by that of offshore sources, as well as that of hot-rolled sheet and coil.[343]

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[337] See Chapter XIII for the product definition.

[338] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 201.

[339] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 51, 53-54.

[340] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 50-52, 192-93.

[341] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 50.

By late May 2002, the market for standard pipe in both Canada and the United States appeared to be softening.[344] In Canada, this lull in activity may be attributed to over-stocking by purchasers as a hedge against increased prices, a slowdown in the capital market and uncertain financing capabilities in the construction market.[345] As a result, there are doubts about the continued improvement in the North American standard pipe market.[346]

In light of these considerations, and those outlined in Part 3(a) of this chapter, the Tribunal recommends that the most appropriate remedy is to impose a TRQ on imports of standard pipe for a period of three consecutive years. In the first year, 231,000 tonnes of standard pipe could be imported without a surtax. Imports of standard pipe in excess of that amount will be subject to a surtax of 15 percent *ad valorem*.

The proposed in-quota volume of 231,000 tonnes is based on the average quantity of the standard pipe imported from all countries[347] in the years 1997, 1998 and 2001. In subsequent years, the in-quota volume is adjusted by 5.3 percent for the growth in the market. The in-quota volume will be 243,000 tonnes for the second year and 256,000 tonnes for the third year. This recommended increase is the average annual growth rate in the Canadian market for standard pipe during the period 1996 to 2001. The Tribunal used 1997 and 1998 because they were the years that preceded the significant increase in imports of standard pipe and the onset of the injury. The Tribunal also selected 2001 as the most recent year indicative of the state of the market.

The proposed surtax of 15 percent for the first year is the increase in the price of above-quota imports that the Tribunal believes is necessary to ensure that any above-quota imports enter Canada at non-injurious price levels. A non-injurious price level is considered to be one that would allow the domestic producers to sell standard pipe at prices similar to those in the period before the injurious increase in imports.

Subsequently, in keeping with Canada's obligation to progressively liberalize its safeguard measures during their period of application, the Tribunal recommends that the surtax on above-quota imports be reduced to 11 percent in the second year and to 7 percent in the third year.

In the Tribunal's view, in-quota imports into Canada in the first year of the TRQ should not exceed 231,000 tonnes, as that would cause injury to Canadian producers of standard pipe.

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[342] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 53.

[343] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 53.

[344] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 51, 53-54.

[345] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 51, 201.

[346] *Transcript of Public Hearing*, Vol. 1, 24 July 2002, at 52-54.

[347] All countries except Mexico, Israel or another CIFTA beneficiary, and Chile, and developing countries other than China.

The surtax of 15 percent should ensure that prices of above-quota imports are at non-injurious levels. The Tribunal also considers it important that the level of imports of standard pipe allowed into Canada free of surtax should not be less than 231,000 tonnes. At a lower volume of in-quota imports, there would be a risk of causing difficulties to the international competitiveness of downstream manufacturing and energy industries in Canada. The Tribunal notes that imports of standard pipe have been, over the years, an important means of supplying the needs of the market.

In light of NAFTA obligations, the Tribunal also recommends allocation of a portion of the annual TRQ on imports of standard pipe to the United States. In the first year, 168,000 tonnes of the global quota should be allocated to imports of standard pipe from the United States. That tonnage will be free of tariff and surtax. Any standard pipe imported in excess of that amount will be subject to the same surtax of 15 percent *ad valorem* as will be imposed on above-quota imports from the rest of the world.

The proposed allocation of 168,000 tonnes is based on the average quantity of standard pipe imported from the United States in the years 1997, 1998 and 2001. In subsequent years, the in-quota volume is adjusted upwards by 5.3 percent to allow for growth in the market. The allocation will be 177,000 tonnes for the second year and 186,000 tonnes for the third year. The Tribunal considers that this allocation of quota should not reduce the volume of imports below the trend of imports over a recent representative period. For imports from the United States, the above-quota surtax will be liberalized in the same way as for the rest of the world.

Finally, the Tribunal recommends that the remedies not apply to imports from developing countries identified in Part 1 of the OECD's DAC list, that meet the conditions set out in Article 9.1 of the WTO Safeguard Agreement.[348, 349] The remedies will not apply to imports from developing countries that imported, on average, no more than 3 percent[350] of standard pipe into Canada in the years 1997, 1998 and 2001 and whose imports cumulatively accounted for not more than 9 percent of the total imports into Canada during those years. Remedies will, however, apply to imports from China, as they accounted, on average, for more than 3 percent[351] of total imports of standard pipe during the years 1997, 1998 and 2001.

9. Requests for Exclusion

Paragraph 5(b) of the Order directs the Tribunal to provide, where appropriate, recommendations to exclude from any remedy goods that are not available from domestic producers. The Tribunal received a total of 280 requests for exclusion from any remedy imposed on the five goods for which the Tribunal determined that an increase in imports was a principal cause of serious injury. The Tribunal is recommending that 215 requests for exclusion be granted, in full or in part. These recommendations are listed in Appendix IV. The Tribunal recommends that 50 requests for exclusion not be granted because it determined that goods

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[348] A list of developing countries identified in Part 1 of the OECD's DAC list is attached at Annex 55.

[349] Annex 60 shows the volume of imports of standard pipe from developing countries for the years 1996 to 2001.

[350] On a weighted average basis.

[351] On a weighted average basis.

were available in Canada. These recommendations are listed in Appendix V. The Tribunal has determined that the remaining 15 requests for exclusion were for goods not covered by the inquiry. These are listed in Appendix VI.

a) Procedure for Exclusion Requests

Early in the inquiry, on April 16, 2002, the Tribunal gave direction regarding the process for filing requests for exclusion. The Tribunal sent this direction to all persons who had been notified of the commencement of the inquiry. In addition, the Tribunal's direction and request forms were placed on the Tribunal's Web site.

All individuals or companies requesting exclusions were required to complete a "Good Exclusion Request Form" and return it to the Tribunal by May 16, 2002. Those requesting exclusions were to provide detailed information, such as full technical descriptions, HS codes and end uses, on each good for which a request was made, along with appropriate evidence to assist the Tribunal in its consideration of the requests. If the requester submitted that the identical good is not available from domestic producers, information was to be provided on whether a substitutable good is available.

The Tribunal then gave the domestic producers the opportunity to respond to the requests. If they were claiming that an identical or substitutable good was available from domestic production, the domestic producers were to provide evidence, such as invoices or production reports, of that availability in 2001 or 2002. They were also to provide sufficient technical information to permit an assessment of the equivalency of that good to, or its substitutability for, the imported good.

Because the initial response of domestic producers did not provide an adequate basis for an assessment of the requests for exclusion, the Tribunal provided further direction to domestic producers on what evidence was required and how it was to be provided. At the same time, the Tribunal informed those requesting exclusions that they would have a right of reply to any response provided by domestic producers.

b) Assessing the Requests for Exclusion

Taking account of the direction that it had given, the Tribunal based its assessment of the requests for exclusion on the written submissions and evidence from all parties. In order to make a recommendation to exclude a good from any remedy, the Tribunal needed to be satisfied that the good was not available from domestic producers.

The following describes, in general terms, the Tribunal's approach to the requests for exclusion.

- For those 50 requests where the domestic producers agreed that the goods referred to were not available in Canada, the Tribunal recommends that the goods be excluded from any remedy.
- In 40 cases, the domestic producers made no response to the request for exclusion. In these cases where the requester provided all the information required by the Tribunal, the Tribunal recommends that the goods be excluded from any remedy.

In a number of instances, notwithstanding the absence of a response from the domestic industry, the Tribunal recommends that the good not be excluded from any remedy where the requester did not provide the necessary information to the Tribunal, or the request was too broad to be considered.

- In certain cases where the domestic producers provided only technical specification sheets, lists of products or price lists as evidence, the Tribunal had to be satisfied that this demonstrated the common availability of the goods in order to conclude that the exclusion request should not be granted.
- For requests where the domestic producers submitted that a substitutable good was available and provided supporting sales or production evidence, the Tribunal considered the technical specifications of the good together with evidence regarding the end use of both the good described in the request and the allegedly substitutable good. The Tribunal took into account any evidence from end users that the allegedly substitutable good was not suitable. Where such evidence was compelling, the Tribunal determined that the good described in the request was not available and recommends that it be excluded from any remedy.
- Where the exclusion requests were for goods with proprietary specifications or sold under trademark and the Tribunal has made recommendations to exclude those goods from any remedy, the Tribunal's recommendations for exclusion extend to goods with equivalent specifications.
- The Tribunal did not rely heavily on the HS codes provided by requesters to arrive at its recommendations.[352] In many exclusion requests, there was no indication of the HS code under which the good was imported or the HS code provided was clearly incorrect. Certain requests for exclusion explicitly refer to an HS code or codes and where they were believed to be accurate and were required to describe the good to be excluded, they were referenced in the Tribunal's recommendations.

The Tribunal has included, with its recommendations for exclusion, only certain basic information. If more information is needed for purposes of customs administration, the Government may wish to consult the Tribunal's record, which contains all public information relating to the exclusion requests.

c) Ongoing Exclusion Process

The Tribunal received a great number of requests for exclusion of goods that are allegedly not available in Canada. In addition, after the closing date for receipt of requests, the Tribunal received numerous queries asking that additional requests be considered. In light of the very strict time frames under which this inquiry was conducted, the Tribunal could not consider late requests. In recognition that changing needs may arise through evolving market conditions, new technology and other influences, the Tribunal recommends that the Government establish an ongoing process to respond to requests for exclusion from any remedy for goods that are not available from domestic producers.

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[352] The HS codes provided by requesters were not verified by the Tribunal. However, HS codes are determinative when they are found in the wording of the exclusion recommended by the Tribunal.

Annex 55
Developing Countries

Afghanistan
Albania (WTO)
Algeria (WTO)
Angola (WTO)
Anguilla
Antigua and Barbuda (WTO)
Argentina (WTO)
Armenia
Azerbaijan
Bahrain (WTO)
Bangladesh (WTO)
Barbados (WTO)
Belize (WTO)
Benin (WTO)
Bhutan
Bolivia (WTO)
Bosnia and Herzegovina
Botswana (WTO)
Brazil (WTO)
Burkina Faso (WTO)
Burundi (WTO)
Cambodia
Cameroon (WTO)
Cape Verde

Central African Republic (WTO)
Chad (WTO)
Chile (WTO)
China (WTO)
Colombia (WTO)
Comoros
Congo, Dem. Rep. (WTO)
Congo, Rep. (WTO)
Cook Islands
Costa Rica (WTO)
Côte d'Ivoire (WTO)
Croatia (WTO)
Cuba (WTO)
Djibouti (WTO)
Dominica (WTO)
Dominican Republic (WTO)
East Timor
Ecuador (WTO)
Egypt (WTO)
El Salvador (WTO)
Equatorial Guinea
Eritrea
Ethiopia
Fiji (WTO)
Gabon (WTO)
Gambia (WTO)
Georgia (WTO)
Ghana (WTO)
Grenada (WTO)
Guatemala (WTO)
Guinea (WTO)
Guinea-Bissau (WTO)
Guyana (WTO)
Haiti (WTO)
Honduras (WTO)
India (WTO)
Indonesia (WTO)
Iran
Iraq
Jamaica (WTO)
Jordan (WTO)
Kazakhstan
Kenya (WTO)
Kiribati
Korea, Democratic Republic (WTO)
Kyrgyz Rep. (WTO)
Laos
Lebanon
Lesotho (WTO)
Liberia
Macedonia (former Yugoslav Republic)
Madagascar (WTO)
Malawi (WTO)
Malaysia (WTO)
Maldives (WTO)
Mali (WTO)
Malta (WTO)
Marshall Islands
Mauritania (WTO)
Mauritius (WTO)
Mayotte
Mexico (WTO)
Micronesia, Federated States
Moldova (WTO)
Mongolia
Montserrat
Morocco (WTO)
Mozambique (WTO)
Myanmar (WTO)
Namibia (WTO)
Nauru
Nepal
Nicaragua (WTO)
Niger (WTO)
Nigeria (WTO)
Niue
Oman (WTO)
Pakistan (WTO)
Palau Islands
Palestinian Administered Areas
Panama (WTO)
Papua New Guinea (WTO)
Paraguay (WTO)
Peru (WTO)
Philippines (WTO)
Rwanda (WTO)
Samoa
Sao Tome and Principe
Saudi Arabia
Senegal (WTO)
Seychelles
Sierra Leone (WTO)
Slovenia (WTO)
Solomon Islands (WTO)
Somalia
South Africa (WTO)
Sri Lanka (WTO)
St Helena
St Kitts and Nevis
St Lucia (WTO)
St Vincent & Grenadines (WTO)
Sudan

Suriname (WTO)
Swaziland (WTO)
Syria
Tajikistan
Tanzania (WTO)
Thailand (WTO)
Togo (WTO)
Tokelau
Tonga
Trinidad and Tobago (WTO)
Tunisia (WTO)
Turkey (WTO)
Turkmenistan
Turks and Caicos Islands
Tuvalu
Uganda (WTO)
Uruguay (WTO)
Uzbekistan
Vanuatu
Venezuela (WTO)
Vietnam
Wallis and Futuna
Yemen
Yugoslavia, Federal Republic
Zambia (WTO)
Zimbabwe (WTO)

Source: Part 1 of the OECD DAC List - As of 1 January 2001.

Annex 56
Imports of Discrete Plate from Developing Countries

IMPORTS (tonnes)	1996	1997	1998	1999	2000	2001	Total 1997, 2001	Weighted Average Percent 1997, 2001
Argentina	0.2	0.0	0.0	1.7	0.1	106.7	106.7	0.0
Brazil	6,513.5	4,393.7	12,347.0	18,577.9	465.6	92.1	4,485.8	0.7
Cameroon	0.0	0.0	0.0	0.0	0.0	18.8	18.8	0.0
Chile	0.0	0.0	0.0	0.0	0.0	17.0	17.0	0.0
China	16,501.3	27,827.9	7,052.5	4,535.4	21,949.2	16,097.5	43,925.3	6.4
Côte-d'Ivoire	0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0
Croatia	0.0	0.0	0.0	142.7	35.2	0.0	0.0	0.0
Cuba	0.0	0.0	1,103.7	0.0	0.0	0.0	0.0	0.0
Ecuador	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
India	58.6	26.4	26,249.9	56.4	52.7	1.3	27.7	0.0
Indonesia	0.0	14,654.2	49,886.3	18,509.1	43.5	0.1	14,654.2	2.1
Iran (nm)	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Macedonia (nm)	0.0	0.0	4.8	0.0	0.0	14.8	14.8	0.0
Malaysia	0.0	0.0	6.3	0.0	0.0	0.0	0.0	0.0
Mexico	26,439.8	9,058.3	922.5	2,372.0	1,381.9	1,721.8	10,780.1	1.6
Morocco	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nepal (nm)	0.0	0.0	0.0	0.0	0.0	5.8	5.8	0.0
Pakistan	0.0	0.0	0.0	0.0	0.4	246.1	246.1	0.0
Peru	0.0	1,586.8	0.0	0.0	0.0	0.0	1,586.8	0.2
Philippines	0.5	0.0	0.1	0.0	0.0	0.8	0.8	0.0
Saudi Arabia (nm)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Slovenia	0.0	0.0	2.9	0.0	0.0	0.0	0.0	0.0
South Africa	10,999.1	4,608.7	3,087.4	269.9	9,154.6	23,954.3	28,563.0	4.1
Thailand	154.0	54.3	12,918.2	8,791.7	129.0	125.8	180.2	0.0
Tunisia	0.0	0.0	0.4	0.0	3.0	0.0	0.0	0.0
Turkey	0.0	0.0	1,399.2	0.0	0.0	7.1	7.1	0.0
Vietnam (nm)	0.0	0.0	0.0	0.0	1.4	0.0	0.0	0.0
Total Developing Countries[2]	**60,667**	**62,210**	**114,981**	**53,257**	**33,218**	**42,410**	**104,620**	**15.2**
Total Developing Countries with less than 3% Share[2]	**213**	**19,728**	**38,845**	**16,170**	**11,269**	**2,358**	**32,132**	**4.7**
9% of Imports from All Countries	**18,496**	**28,864**	**62,695**	**36,964**	**37,054**	**33,206**	**62,070**	**9.0**
Total All Countries	**205,513**	**320,716**	**696,606**	**410,707**	**411,709**	**368,956**	**689,672**	**100.0**

Note 1: (nm) is non-WTO member.

Note 2: Includes WTO and non-WTO members.

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-08, Administrative Record, Vol. 5 at 12.

Annex 57
Imports of Cold-rolled Sheet and Coil from Developing Countries

IMPORTS (tonnes)	1996	1997	1998	1999	2000	2001	Total 1997, 1998, 2001	Weighted Average Percent 1997, 1998, 2001
Argentina	0.0	5,410.3	6,467.1	14.2	3,582.3	512.3	12,389.7	1.1
Brazil	128.1	65.3	288.7	41,748.7	53,785.1	23,940.1	24,294.1	2.2
China	425.9	280.5	281.4	3,209.0	43,647.9	3,197.7	3,759.6	0.3
India	73.8	0.0	0.1	0.0	48.7	11.0	11.1	0.0
Indonesia	0.0	0.0	395.4	1,203.8	0.0	162.5	557.8	0.0
Jordan	0.0	0.0	0.0	0.0	9.5	0.0	0.0	0.0
Macedonia (nm)	0.0	0.0	74.8	14.8	1,952.8	0.0	74.8	0.0
Malaysia	0.0	0.0	92.2	0.0	2,632.6	0.0	92.2	0.0
Mexico	34.3	217.0	36.0	21,324.3	529.7	27.2	280.1	0.0
Slovenia	17.1	3.0	0.1	0.0	0.0	0.1	3.2	0.0
Somalia (nm)	0.0	0.0	5.3	0.0	0.0	0.0	5.3	0.0
South Africa	0.0	4,267.6	4,961.6	18,866.2	9,248.5	3,405.7	12,634.8	1.1
Thailand	0.0	0.0	0.0	21.5	6,932.4	0.0	0.0	0.0
Trinidad and Tobago	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Turkey	194.3	12,554.6	17,327.6	5,912.1	10,578.3	9,176.7	39,058.9	3.5
Venezuela	0.0	0.0	0.0	862.2	18.5	0.0	0.0	0.0
Vietnam (nm)	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0
Yugoslavia, Federal Republic (nm)	0.0	6,551.0	0.0	0.0	0.0	0.0	6,551.0	0.6
Total Developing Countries[2]	**873**	**29,349**	**29,930**	**93,177**	**132,967**	**40,433**	**99,713**	**8.9**
Total Developing Countries with less than 3% Share[2]	**873**	**16,795**	**12,603**	**11,238**	**35,534**	**16,493**	**60,654**	**5.4**
9% of Imports from All Countries	**18,471**	**35,986**	**29,854**	**37,359**	**48,826**	**35,475**	**101,315**	**9.0**
Total All Countries	**205,233**	**399,848**	**331,714**	**415,094**	**542,509**	**394,164**	**1,125,726**	**100.0**

Note 1: (nm) is non-WTO member.
Note 2: Includes WTO and non-WTO members.
Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-36, Administrative Record, Vol. 9 at 12.

Annex 58
Imports of Angles, Shapes and Sections from Developing Countries

IMPORTS (tonnes)	1996	1997	1998	1999	2000	2001	Total 1997, 1998, 2001	Weighted Average Percent 1997, 1998, 2001
Antigua and Barbuda	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Argentina	17.4	18.4	25.6	16.7	55.5	65.3	109.3	0.0
Barbados	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Brazil	1,029.7	1,756.8	370.5	8,754.9	14,829.0	8,937.4	11,064.6	1.2
China	1.3	1.5	294.8	2,658.4	1,276.7	606.5	902.8	0.1
India	0.0	6.4	0.0	7.0	0.2	0.0	6.4	0.0
Indonesia	853.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kyrgyz Rep.	0.0	0.0	3.8	0.0	0.0	0.0	3.8	0.0
Macedonia (nm)	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Mexico	1,439.7	3,363.2	2,795.1	1,383.1	1,176.4	44.9	6,203.2	0.7
Moldova	0.0	0.0	0.0	0.0	34.7	0.0	0.0	0.0
Saudi Arabia (nm)	0.0	0.0	0.0	0.0	37.3	0.0	0.0	0.0
South Africa	37.9	8.9	16.6	446.2	2,569.7	9,390.7	9,416.1	1.0
Swaziland	0.0	0.0	0.0	0.0	5.6	0.0	0.0	0.0
Thailand	0.0	0.0	0.0	0.0	348.5	10,473.0	10,473.0	1.1
Tokelau (nm)	0.0	0.0	0.0	2,020.6	0.0	0.0	0.0	0.0
Turkey	268.7	1,360.7	17,861.4	24,489.2	22,440.9	26,426.6	45,648.7	4.9
Vietnam (nm)	0.0	0.0	0.0	0.0	0.7	0.0	0.0	0.0
Total Developing Countries[2]	**3,648**	**6,516**	**21,368**	**39,776**	**42,775**	**55,944**	**83,828**	**9.0**
Total Developing Countries with less than 3% Share[2]	**3,648**	**6,516**	**3,506**	**15,287**	**5,506**	**19,045**	**38,179**	**4.1**
9% of Imports from All Countries	**16,677**	**25,884**	**27,149**	**30,619**	**36,942**	**30,493**	**83,526**	**9.0**
Total All Countries	**185,295**	**287,595**	**301,652**	**340,208**	**410,470**	**338,815**	**928,063**	**100.0**

Note 1: (nm) is non-WTO member.

Note 2: Includes WTO and non-WTO members.

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-78, Administrative Record, Vol. 15 at 11.

Annex 59
Imports of Reinforcing Bars from Developing Countries

IMPORTS (tonnes)	1996	1997	1998	1999	2000	2001	Total 1998, 1999, 2001	Weighted Average Percent 1998, 1999, 2001
Argentina	0.0	0.0	0.0	0.0	0.0	15.3	15.3	0.0
China	0.0	0.0	0.0	0.0	0.0	64,588.3	64,588.3	8.2
Cuba	385.7	2,947.4	2,822.1	9,451.1	0.0	0.0	12,273.3	1.6
Indonesia	0.0	0.0	0.0	10,244.9	16,797.2	0.0	10,244.9	1.3
Mexico	314.2	0.0	46.5	20.0	0.0	37.0	103.5	0.0
Moldova	0.0	4,969.9	0.0	9,523.0	13,562.0	0.0	9,523.0	1.2
Peru	0.0	0.0	0.0	0.0	0.0	26.5	26.5	0.0
Philippines	0.0	0.0	0.0	0.0	519.7	0.0	0.0	0.0
Tokelau (nm)	0.0	2,308.8	2,978.3	0.0	0.0	0.0	2,978.3	0.4
Turkey	5,290.5	36,337.2	87,398.3	62,136.9	80,305.3	79,309.9	228,845.1	29.2
Venezuela	0.0	0.0	0.0	0.0	0.0	6,140.0	6,140.0	0.8
Total Developing Countries[2]	**5,990**	**46,563**	**93,245**	**91,376**	**111,184**	**150,117**	**334,738**	**42.7**
Total Developing Countries with less than 3% Share[2]	**700**	**10,226**	**5,847**	**20**	**520**	**6,219**	**41,305**	**5.3**
9% of Imports from All Countries	**8,376**	**15,799**	**22,688**	**23,846**	**39,502**	**24,099**	**70,633**	**9.0**
Total All Countries	**93,072**	**175,549**	**252,090**	**264,960**	**438,914**	**267,764**	**784,814**	**100.0**

Note 1: (nm) is non-WTO member.
Note 2: Includes WTO and non-WTO members.
Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-106, Administrative Record, Vol. 19 at 12.

Annex 60
Imports of Standard Pipe from Developing Countries

IMPORTS (tonnes)	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**Total 1997, 1998, 2001**	**Weighted Average Percent 1997, 1998, 2001**
Argentina	68.3	119.1	190.0	347.0	1,032.6	6,750.4	7,059.5	0.9
Bahrain	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0
Brazil	3,389.3	619.4	8,323.8	228.1	47.1	13.1	8,956.3	1.2
Chile	38.0	1,256.8	188.7	71.6	68.3	114.5	1,560.0	0.2
China	168.2	4,095.4	7,337.6	3,508.4	17,100.0	21,901.7	33,334.7	4.4
Costa Rica	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Croatia	0.0	0.0	0.0	6.8	0.0	0.0	0.0	0.0
Dominica	0.0	0.0	0.0	35.6	0.0	0.0	0.0	0.0
Ecuador	0.0	0.3	0.1	0.5	0.0	5.4	5.9	0.0
Egypt	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Georgia	5.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Guatemala	0.0	0.0	0.0	1.8	0.0	0.0	0.0	0.0
India	19.8	0.0	487.5	100.4	485.0	150.3	637.9	0.1
Indonesia	609.7	530.9	0.0	714.6	1,440.0	233.5	764.4	0.1
Iran (nm)	0.0	0.0	0.0	153.3	0.0	0.0	0.0	0.0
Jordan	0.0	0.0	0.0	0.0	0.0	0.6	0.6	0.0
Malaysia	0.0	1,879.0	1,061.3	319.4	467.8	360.6	3,300.8	0.4
Mali	0.0	0.0	0.0	4.3	0.0	0.0	0.0	0.0
Mexico	4,794.8	7,746.9	4,715.7	5,361.6	3,075.0	1,624.0	14,086.6	1.9
Peru	0.0	0.0	146.3	4,751.6	2,311.4	1,709.4	1,855.7	0.2
Philippines	2,197.8	1,147.6	271.9	6,056.6	10,125.6	5,859.4	7,279.0	1.0
Saudi Arabia (nm)	779.9	8.3	0.0	9.3	0.0	0.0	8.3	0.0
Slovenia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
South Africa	1,594.7	1,645.0	1,759.5	39.8	982.9	1.6	3,406.1	0.5
Sri Lanka	0.0	0.0	0.0	78.9	0.0	369.0	369.0	0.0
Thailand	0.5	72.1	0.0	3.2	0.0	0.3	72.4	0.0
Turkey	1,003.0	6,612.5	4,672.6	3,579.2	4,316.9	1,210.8	12,495.8	1.7
Venezuela	14.8	0.0	0.0	1.5	0.9	15.0	15.0	0.0
Vietnam (nm)	0.0	0.0	0.0	31.8	80.3	7.9	7.9	0.0
Yemen (nm)	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Yugoslavia, Federal Republic (nm)	0.0	0.0	0.0	0.0	0.0	1.9	1.9	0.0
Total Developing Countries[2]	**14,685**	**25,733**	**29,155**	**25,406**	**41,534**	**40,329**	**95,218**	**12.7**
Total Developing Countries with less than 3% Share[2]	**9,890**	**17,986**	**13,494**	**25,406**	**14,308**	**18,428**	**61,883**	**8.2**
9% of Imports from All Countries	**12,327**	**21,320**	**21,363**	**23,927**	**27,064**	**24,870**	**67,553**	**9.0**
Total All Countries	**136,969**	**236,894**	**237,367**	**265,856**	**300,708**	**276,331**	**750,592**	**100.0**

Note 1: (nm) is non-WTO member.

Note 2: Includes WTO and non-WTO members.

Source: *Pre-hearing Staff Report*, Tribunal Exhibit GC-2001-001-120, Administrative Record, Vol. 21 at 13.

APPENDIX I

ORDER IN COUNCIL

P.C. 2002-448
March 21, 2002

Whereas it appears that global steel trade is in a general state of difficulty due to unforeseen developments, including global overcapacity in steel production, collapsing or still recovering demand in some steel markets, and the continuing emergence of new participants in international steel trade;

And whereas these economic problems are further compounded by the fact that many steel importing countries have taken or are considering measures to restrict importation of steel into their markets, increasing the possibility of trade diversion into Canada;

And whereas it appears that certain steel goods have been imported into Canada since the beginning of 1996 in increased quantities;

And whereas the Canadian steel industry, which directly employed more than 30,000 persons in 2001, contributes importantly to manufacturing in Canada and is vital to the economic health of many communities across the country, is experiencing financial difficulty;

And whereas the World Trade Organization *Agreement on Safeguards* allows for the application of a temporary safeguard measure to a good if it is determined by the competent authorities of a Member that such good is being imported in such increased quantities and under such conditions as to cause or threaten to cause serious injury to the domestic industry that produces like or directly competitive goods;

Therefore, Her Excellency the Governor in Council, on the recommendation of the Minister of Finance and the Minister of International Trade, pursuant to paragraph 20(a) of the *Canadian International Trade Tribunal Act*[353], makes the annexed *Order Directing the Canadian International Trade Tribunal to Inquire into and Report on the Importation of Certain Steel Goods*.

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[353] S.C. 1988, c. 56.

ORDER DIRECTING THE CANADIAN INTERNATIONAL TRADE TRIBUNAL TO INQUIRE INTO AND REPORT ON THE IMPORTATION OF CERTAIN STEEL GOODS

PURPOSE

1. The purpose of this Order is to direct the Canadian International Trade Tribunal to inquire into and report to the Governor in Council on the importation of certain steel goods into Canada, having regard to Canada's rights and obligations under international trade agreements.

INQUIRY

2. The Tribunal shall determine whether any of the goods specified in the schedule to this Order is being imported into Canada from all sources in such increased quantities since the beginning of 1996, and under such conditions, as to be a principal cause of serious injury or threat thereof to domestic producers of like or directly competitive goods, on the basis of all relevant factors, including:

(a) the rate and amount of the increase in imports, the share of the domestic market taken by increased imports, changes in the level of sales, production, productivity, capacity utilization, profits and losses, and employment, and
(b) the global steel trade situation, including production overcapacity, trade restrictive actions taken or considered by other countries, and the risk of trade diversion.

3. Where the Tribunal determines, pursuant to section 2, that imports of a good as specified from all sources are a principal cause of serious injury or threat thereof, the Tribunal shall

(a) in accordance with sections 20.01, 20.02 or 20.03 of the *Canadian International Trade Tribunal Act*, determine whether imports of the good from a NAFTA country, Israel or another CIFTA beneficiary or Chile each account for a substantial share of total imports of that good and contribute importantly to the serious injury or threat thereof, and
(b) where the Tribunal determines, pursuant to paragraph (a), that imports of a good as specified from a NAFTA country, Israel or another CIFTA beneficiary or Chile do not account for a substantial share of total imports, or do not contribute importantly to the serious injury or threat thereof, determine whether that good is imported into Canada from all sources not covered by any such determination in such increased quantities and under such conditions as to be a principal cause of serious injury or threat thereof to domestic producers of like or directly competitive goods.

RECOMMENDATIONS

4. Subject to section 5, where the Tribunal determines that imports of any of the goods as specified are a principal cause of serious injury, or threat thereof, to the domestic producers of like or directly competitive goods, the Tribunal shall provide recommendations in respect of the good as to the most appropriate remedy to address, over a period of three years, the injury caused or threatened to be caused by increased imports of that good, in accordance with Canada's rights and obligations under international trade agreements.

5. In providing recommendations, pursuant to section 4, the Tribunal shall:

(a) in accordance with free trade agreements to which Canada is a party, provide recommendations in respect of goods as specified imported from any NAFTA country, Israel or another CIFTA beneficiary or Chile for which an affirmative determination has been made under paragraph 3(a) as to remedies that would not have the effect of reducing imports from each of these countries below the trend of imports over a recent representative base period with allowance for reasonable growth;
(b) where appropriate, provide recommendations to exclude from any remedy goods that are not available from domestic producers.

NOTICE AND REPORT

6. The Tribunal shall submit a notice of any determination made under sections 2 and 3 within 105 days after the date of this Order.

7. The Tribunal shall submit a report within 150 days after the date of this Order:

(a) on the reasons for any determination made under sections 2 and 3, and
(b) on any recommendation provided under sections 4 and 5.

SCHEDULE

SPECIFIED GOODS

(1) Flat rolled carbon and alloy steel comprising discrete plate; hot rolled sheet and coil; cold rolled sheet and coil; and corrosion-resistant sheet and coil.

For greater certainty, the foregoing includes floor-patterned plate, prepainted steel and corrosion-resistant steel coated with zinc or zinc in combination with aluminum. It excludes clad plate; PVQ plate over 3.125" thick; other plate over 5" thick; cold rolled sheet that is not annealed (commercially known as "full hard" cold rolled sheet) for metallic coating; grain-oriented electric steel sheet; certain proprietary grades of corrosion-resistant steel known as "*Tribrite*" "*Trichrome*" and "*Triclear*"; aluminized steel sheet; aluminum clad sheet and; stainless grades of flat-rolled steel products.

(2) Carbon and alloy "long" steel products comprising hot rolled bars; shapes; light and intermediate structurals; bars and rods that have been cold drawn and finished; and concrete reinforcing bars.

For greater certainty, the foregoing includes alloy tool and mold steel bars, both hot and cold-finished. It excludes heavy structural steel products (such as beams), that is, with over 6" thickness in leg or web; "leaded" grades of hot rolled bars; and stainless grades of long steel products.

(3) Welded and seamless carbon and alloy tubular steel products comprising standard pipe to 16" O.D.

For greater certainty, the foregoing includes waterwell casing, sprinkler pipe and piling pipe.

P.C. 2002-647
April 18, 2002

Her Excellency the Governor General in Council, on the recommendation of the Minister of Finance and the Minister for International Trade, pursuant to paragraph *20(a)* of the *Canadian International Trade Tribunal Act*, hereby makes the annexed *Order Amending the Order Directing the Canadian International Trade Tribunal to Inquire into and Report on the Importation of Certain Steel Goods.*

ORDER AMENDING THE ORDER DIRECTING THE CANADIAN INTERNATIONAL TRADE TRIBUNAL TO INQUIRE INTO AND REPORT ON THE IMPORTATION OF CERTAIN STEEL GOODS

1. Item 2 of the schedule to the Order Directing the Canadian International Trade Tribunal to inquire into and Report on the Importation of Certain Steel Goods is replaced by the following:

(2) Carbon and alloy "long" steel products comprising hot rolled bars; angles, shapes and sections; bars and rods that have been cold drawn and finished; and concrete reinforcing bars.

For greater certainty, the foregoing includes alloy tool and mold steel bars, both hot and cold-finished. It excludes I-sections of a height exceeding 152.4 millimetres and H-sections of a height exceeding 152.4 millimetres; "leaded" grades of hot-rolled bars; and stainless grades of long steel products.

APPENDIX II

TRIBUNAL'S DETERMINATION OF INJURY

The Canadian International Trade Tribunal, under the provisions of paragraph 20(*a*) of the Canadian International Trade Tribunal Act, has conducted a safeguard inquiry to determine whether any of the goods subject to the inquiry is being imported into Canada from all sources in such increased quantities since the beginning of 1996, and under such conditions, as to be a principal cause of serious injury or threat thereof to domestic producers of like or directly competitive goods.

This matter was referred to the Canadian International Trade Tribunal on March 21, 2002, by the Governor General in Council, on the recommendation of the Minister of Finance and the Minister for International Trade, under the terms of the *Order Directing the Canadian International Trade Tribunal to Inquire and Report on the Importation of Certain Steel Goods*, P.C. 2002-448. This order was amended by P.C. 2002-647, on April 18, 2002.

Pursuant to subsection 21(1) and sections 20.01, 20.02 and 20.03 of the Canadian International Trade Tribunal Act and pursuant to the terms of the Order Directing the Canadian International Trade Tribunal to Inquire and Report on the Importation of Certain Steel Goods, the Canadian International Trade Tribunal hereby makes the determinations that are outlined in the following pages.

Flat-rolled Carbon and Alloy Steel Discrete Plate

1. From All Sources
   a) Flat-rolled carbon and alloy steel discrete plate is being imported into Canada from all sources in such increased quantities since the beginning of 1996, and under such conditions, as to be a principal cause of serious injury to domestic producers of like or directly competitive goods.
2. From the United States
   a) The quantity of flat-rolled carbon and alloy steel discrete plate imported from the United States accounts for a substantial share of total imports of goods of the same kind.
   b) Flat-rolled carbon and alloy steel discrete plate imported from the United States alone contributes importantly to the serious injury.
3. From Mexico
   a) The quantity of flat-rolled carbon and alloy steel discrete plate imported from Mexico does not account for a substantial share of total imports of goods of the same kind.
   b) Flat-rolled carbon and alloy steel discrete plate imported from Mexico alone does not contribute importantly to the serious injury.

4. From Israel or Another Beneficiary of the *Canada-Israel Free Trade Agreement*
    a) The quantity of flat-rolled carbon and alloy steel discrete plate imported from Israel or another beneficiary of the *Canada-Israel Free Trade Agreement* does not account for a substantial share of total imports of goods of the same kind.
    b) Flat-rolled carbon and alloy steel discrete plate imported from Israel or another beneficiary of the *Canada-Israel Free Trade Agreement* does not contribute importantly to the serious injury.
5. From Chile
    a) The quantity of flat-rolled carbon and alloy steel discrete plate imported from Chile does not account for a substantial share of total imports of goods of the same kind.
    b) Flat-rolled carbon and alloy steel discrete plate imported from Chile does not contribute importantly to the serious injury.
6. From All Sources not Covered by Determinations 3, 4 and 5
    a) Flat-rolled carbon and alloy steel discrete plate is imported from all sources not covered by determinations 3, 4 and 5, in such increased quantities and under such conditions as to be a principal cause of serious injury to domestic producers of like or directly competitive goods.

Flat-rolled Carbon and Alloy Steel Hot-rolled Sheet and Coil

1. From All Sources
    a) Flat-rolled carbon and alloy steel hot-rolled sheet and coil is not being imported into Canada from all sources in such increased quantities since the beginning of 1996, and under such conditions, as to be a principal cause of serious injury or threat thereof to domestic producers of like or directly competitive goods.

Flat-rolled Carbon and Alloy Steel Cold-rolled Sheet and Coil

1. From All Sources
    a) Flat-rolled carbon and alloy steel cold-rolled sheet and coil is being imported into Canada from all sources in such increased quantities since the beginning of 1996, and under such conditions, as to be a principal cause of serious injury to domestic producers of like or directly competitive goods.
2. From the United States
    a) The quantity of flat-rolled carbon and alloy steel cold-rolled sheet and coil imported from the United States accounts for a substantial share of total imports of goods of the same kind.
    b) Flat-rolled carbon and alloy steel cold-rolled sheet and coil imported from the United States alone contributes importantly to the serious injury.
3. From Mexico
    a) The quantity of flat-rolled carbon and alloy steel cold-rolled sheet and coil imported from Mexico does not account for a substantial share of total imports of goods of the same kind.

b) Flat-rolled carbon and alloy steel cold-rolled sheet and coil imported from Mexico alone does not contribute importantly to the serious injury.

4. From Israel or Another Beneficiary of the *Canada-Israel Free Trade Agreement*

a) The quantity of flat-rolled carbon and alloy steel cold-rolled sheet and coil imported from Israel or another beneficiary of the *Canada-Israel Free Trade Agreement* does not account for a substantial share of total imports of goods of the same kind.

b) Flat-rolled carbon and alloy steel cold-rolled sheet and coil imported from Israel or another beneficiary of the *Canada-Israel Free Trade Agreement* does not contribute importantly to the serious injury.

5. From Chile

a) The quantity of flat-rolled carbon and alloy steel cold-rolled sheet and coil imported from Chile does not account for a substantial share of total imports of goods of the same kind.

b) Flat-rolled carbon and alloy steel cold-rolled sheet and coil imported from Chile does not contribute importantly to the serious injury.

6. From All Sources not Covered by Determinations 3, 4 and 5

a) Flat-rolled carbon and alloy steel cold-rolled sheet and coil is imported from all sources not covered by determinations 3, 4 and 5, in such increased quantities and under such conditions as to be a principal cause of serious injury to domestic producers of like or directly competitive goods.

Flat-rolled Carbon and Alloy Steel Corrosion-resistant Sheet and Coil

1. From All Sources

a) Flat-rolled carbon and alloy steel corrosion-resistant sheet and coil is not being imported into Canada from all sources in such increased quantities since the beginning of 1996, and under such conditions, as to be a principal cause of serious injury or threat thereof to domestic producers of like or directly competitive goods.

Carbon and Alloy Hot-rolled Steel Bars

1. From All Sources

a) Carbon and alloy hot-rolled steel bars are not being imported into Canada from all sources in such increased quantities since the beginning of 1996, and under such conditions, as to be a principal cause of serious injury or threat thereof to domestic producers of like or directly competitive goods.

Carbon and Alloy Steel Angles, Shapes and Sections

1. From All Sources

a) Carbon and alloy steel angles, shapes and sections are being imported into Canada from all sources in such increased quantities since the beginning of 1996, and under such conditions, as to be a principal cause of serious injury to domestic producers of like or directly competitive goods.

2. From the United States
   a) The quantity of carbon and alloy steel angles, shapes and sections imported from the United States accounts for a substantial share of total imports of goods of the same kind.
   b) Carbon and alloy steel angles, shapes and sections imported from the United States alone contribute importantly to the serious injury.
3. From Mexico
   a) The quantity of carbon and alloy steel angles, shapes and sections imported from Mexico does not account for a substantial share of total imports of goods of the same kind.
   b) Carbon and alloy steel angles, shapes and sections imported from Mexico alone do not contribute importantly to the serious injury.
4. From Israel or Another Beneficiary of the *Canada-Israel Free Trade Agreement*
   a) The quantity of carbon and alloy steel angles, shapes and sections imported from Israel or another beneficiary of the *Canada-Israel Free Trade Agreement* does not account for a substantial share of total imports of goods of the same kind.
   b) Carbon and alloy steel angles, shapes and sections imported from Israel or another beneficiary of the *Canada-Israel Free Trade Agreement* do not contribute importantly to the serious injury.
5. From Chile
   a) The quantity of carbon and alloy steel angles, shapes and sections imported from Chile does not account for a substantial share of total imports of goods of the same kind.
   b) Carbon and alloy steel angles, shapes and sections imported from Chile do not contribute importantly to the serious injury.
6. From All Sources not Covered by Determinations 3, 4 and 5
   a) Carbon and alloy steel angles, shapes and sections are imported from all sources not covered by determinations 3, 4 and 5, in such increased quantities and under such conditions as to be a principal cause of serious injury to domestic producers of like or directly competitive goods.

Carbon and Alloy Steel Cold-drawn and Finished Bars and Rods

1. From All Sources
   a) Carbon and alloy steel cold-drawn and finished bars and rods are not being imported into Canada from all sources in such increased quantities since the beginning of 1996, and under such conditions, as to be a principal cause of serious injury or threat thereof to domestic producers of like or directly competitive goods.

Carbon and Alloy Steel Concrete Reinforcing Bars

1. From All Sources
   a) Carbon and alloy steel concrete reinforcing bars are being imported into Canada from all sources in such increased quantities since the beginning of 1996, and under such

conditions, as to be a principal cause of serious injury to domestic producers of like or directly competitive goods.

2. From the United States
   a) The quantity of carbon and alloy steel concrete reinforcing bars imported from the United States accounts for a substantial share of total imports of goods of the same kind.
   b) Carbon and alloy steel concrete reinforcing bars imported from the United States alone do not contribute importantly to the serious injury.
3. From Mexico
   a) The quantity of carbon and alloy steel concrete reinforcing bars imported from Mexico does not account for a substantial share of total imports of goods of the same kind.
   b) Carbon and alloy steel concrete reinforcing bars imported from Mexico alone do not contribute importantly to the serious injury.
4. From Israel or Another Beneficiary of the *Canada-Israel Free Trade Agreement*
   a) The quantity of carbon and alloy steel concrete reinforcing bars imported from Israel or another beneficiary of the *Canada-Israel Free Trade Agreement* does not account for a substantial share of total imports of goods of the same kind.
   b) Carbon and alloy steel concrete reinforcing bars imported from Israel or another beneficiary of the *Canada-Israel Free Trade Agreement* do not contribute importantly to the serious injury.
5. From Chile
   a) The quantity of carbon and alloy steel concrete reinforcing bars imported from Chile does not account for a substantial share of total imports of goods of the same kind.
   b) Carbon and alloy steel concrete reinforcing bars imported from Chile do not contribute importantly to the serious injury.
6. From All Sources not Covered by Determinations 2, 3, 4 and 5
   a) Carbon and alloy steel concrete reinforcing bars are imported from all sources not covered by determinations 2, 3, 4 and 5, in such increased quantities since the beginning of 1996, and under such conditions, as to be a principal cause of serious injury to domestic producers of like or directly competitive goods.

Welded and Seamless Carbon and Alloy Tubular Steel Standard Pipe to 16" O.D.

1. From All Sources
   a) Welded and seamless carbon and alloy tubular steel standard pipe to 16" O.D. is being imported into Canada from all sources in such increased quantities since the beginning of 1996, and under such conditions, as to be a principal cause of serious injury to domestic producers of like or directly competitive goods.
2. From the United States
   a) The quantity of welded and seamless carbon and alloy tubular steel standard pipe to 16" O.D. imported from the United States accounts for a substantial share of total imports of goods of the same kind.

b) Welded and seamless carbon and alloy tubular steel standard pipe to 16" O.D. imported from the United States alone contributes importantly to the serious injury.

3. From Mexico

a) The quantity of welded and seamless carbon and alloy tubular steel standard pipe to 16" O.D. imported from Mexico does not account for a substantial share of total imports of goods of the same kind.

b) Welded and seamless carbon and alloy tubular steel standard pipe to 16" O.D. imported from Mexico alone does not contribute importantly to the serious injury.

4. From Israel or Another Beneficiary of the *Canada-Israel Free Trade Agreement*

a) The quantity of welded and seamless carbon and alloy tubular steel standard pipe to 16" O.D. imported from Israel or another beneficiary of the *Canada-Israel Free Trade Agreement* does not account for a substantial share of total imports of goods of the same kind.

b) Welded and seamless carbon and alloy tubular steel standard pipe to 16" O.D. imported from Israel or another beneficiary of the *Canada-Israel Free Trade Agreement* does not contribute importantly to the serious injury.

5. From Chile

a) The quantity of welded and seamless carbon and alloy tubular steel standard pipe to 16" O.D. imported from Chile does not account for a substantial share of total imports of goods of the same kind.

b) Welded and seamless carbon and alloy tubular steel standard pipe to 16" O.D. imported from Chile does not contribute importantly to the serious injury.

6. From All Sources not Covered by Determinations 3, 4 and 5

a) Welded and seamless carbon and alloy tubular steel standard pipe to 16" O.D. is imported from all sources not covered by determinations 3, 4 and 5, in such increased quantities and under such conditions as to be a principal cause of serious injury to domestic producers of like or directly competitive goods.

The Tribunal's reasons for the above determinations will be set out in the report to be submitted to the Governor in Council on August 19, 2002.

Pierre Gosselin
Pierre Gosselin
Presiding Member

James A. Ogilvy
James A. Ogilvy
Member

Ellen Fry
Ellen Fry
Member

Michel P. Granger
Michel P. Granger
Secretary

APPENDIX III

NOTICE OF COMMENCEMENT OF SAFEGUARD INQUIRY

IMPORTATION OF CERTAIN STEEL GOODS

The Canadian International Trade Tribunal (the Tribunal) hereby gives notice that it is undertaking a safeguard inquiry into the importation of certain steel goods into Canada. This matter was referred to the Tribunal on March 21, 2002, by the Governor in Council, on the recommendation of the Minister of Finance and the Minister of International Trade, pursuant to paragraph 20(*a*) of the *Canadian International Trade Tribunal Act* (CITT Act). The Order for the inquiry is attached.

The purpose of the inquiry is to determine whether any of the goods subject to the inquiry is being imported into Canada from all sources in such increased quantities since the beginning of 1996, and under such conditions, as to be a principal cause of serious injury or threat thereof to domestic producers of like or directly competitive goods. If the Tribunal makes an affirmative determination with respect to a good, the Tribunal shall provide recommendations in respect of the good as to the most appropriate remedy to address, over a period of three years, the injury caused or threatened to be caused by increased imports of that good. In conducting its inquiry, the Tribunal is to have regard to Canada's rights and obligations under international trade agreements.

The goods subject to the inquiry include flat-rolled carbon and alloy steel products, carbon and alloy "long" steel products and welded and seamless, carbon and alloy tubular steel products. The full description of these goods is appended to the attached Order. The goods with respect to which the Tribunal will conduct its inquiry are the following: flat-rolled carbon and alloy steel discrete plate; flat-rolled carbon and alloy steel hot-rolled sheet and coil; flat-rolled carbon and alloy steel cold-rolled sheet and coil; flat-rolled carbon and alloy steel corrosion-resistant sheet and coil; carbon and alloy hot-rolled bars; carbon and alloy hot-rolled shapes and light and intermediate structurals; carbon and alloy cold-drawn and finished bars and rods; carbon and alloy concrete reinforcing bars; and welded and seamless carbon and alloy tubular steel pipe to 16"O.D.

The Tribunal is to give notice of any determination respecting injury no later than July 4, 2002, and report to the Governor in Council no later than August 19, 2002.

The Tribunal's schedule of inquiry is attached. It specifies, among other things, the deadline for filing notices of participation, notices of representation and declarations and understandings, the deadline for filing replies to Tribunal questionnaires, the date that information on the administrative record will be made available by the Tribunal to interested parties and counsel that have filed notices of participation, notices of representation and declarations and undertakings, and deadlines for filing of submissions by parties. The Tribunal will issue questionnaires to domestic producers, importers and foreign producers of each of the above steel goods requesting relevant statistical and other information for the period starting at the beginning of 1996. The Tribunal will also issue market characteristics questionnaires to certain purchasers of those goods.

The Tribunal will include, as part of its administrative record, reports by members of the World Trade Organization on trade-restrictive actions relating to steel goods subject to the

Tribunal's inquiry as well as relevant reports under Foreign Affairs and International Trade Canada's Monitoring Programme for Imports of Steel Products.

The Tribunal's proceedings will be in accordance with the *Canadian International Trade Tribunal Rules*.

PARTICIPATION

Each interested party wishing to participate in the Tribunal's inquiry (injury phase, remedy phase or request for good exclusions from remedies) as a party must file a notice of participation with the Secretary on or before April 10, 2002. Each counsel who intends to represent a party must file a notice of representation as well as a declaration and undertaking with the Secretary on or before the same date. Forms for filing notices of participation, notices of representation and declarations and undertakings can be found on the Tribunal's Web site at www.citt-tcce.gc.ca. Parties that intend to participate in the injury phase should submit, with their notices of participation, their views on the presentation, at the public hearing relating to injury, of testimony and argument relating to the various steel goods. In particular, they should indicate whether the hearing should deal with each good in sequence, or whether it would be more appropriate to deal, first, with all flat-rolled goods, followed by long goods and then tubular goods.

To allow the Tribunal to determine whether interpretation services will be required for the hearing, each interested party filing a notice of participation and each counsel filing a notice of representation must advise the Secretary, at the same time that they file their notices, whether they and their witnesses will be using French or English or both languages at the hearing. Requirements for interpretation in any other language should also be communicated to the Tribunal at that time.

CASE BRIEFS

All parties, except those seeking only exclusions of goods from any remedy (see below), shall file case briefs by May 24, 2002. Parties may also file reply submissions no later than June 3, 2002. **All submissions to the Tribunal must be filed in paper and electronic form**.

Separate case briefs shall be filed for each good for which a party has an interest. They are to include four separate parts: A. Written Submissions Relating to Injury; B. Preliminary Written Submissions Relating to Remedies; C. Supporting Evidence; and D. Witness Statements. Parties wishing to make submissions relating only to remedies may file only parts B and C of the case briefs. No witness statements relating to remedies are required at this stage. Written submissions shall be printed or typewritten on white paper measuring 21.5 cm by 28 cm (8½ in. by 11 in.), in a type not smaller than 11 points with top and bottom margins of not less than 2.5 cm, and left and right margins of not less than 3.5 cm, and with no more than 30 lines per page, exclusive of headings.

A. Written Submissions Relating to Injury

Separate written submissions for each good that is subject to this inquiry shall address whether the good is being imported into Canada from all sources in such increased quantities since the beginning of 1996, and under such conditions, as to be a principal cause of serious injury or threat thereof to domestic producers of like or directly competitive goods. In addressing this question, the written submissions must cover the following factors:

- The like or directly competitive goods in Canada;
- The actual volume of the good imported into Canada, taking into consideration whether there has been a significant increase in the importation into Canada of the good and, where there has been, the rate and amount of such increase, either absolutely or relative to the production in Canada of like or directly competitive goods;
- Whether the increase in the importation into Canada of the good results from "unforeseen developments";
- The effect of the imported goods on prices of like or directly competitive goods in Canada, taking into consideration whether the prices of the imported goods have significantly undercut the prices of like or directly competitive goods produced and sold in Canada, and whether the effect of the importation into Canada of the goods has been to depress significantly the prices of like or directly competitive goods produced and sold in Canada, or to limit to a significant degree increases in the prices of like or directly competitive goods produced and sold in Canada;
- The impact of the imported goods on domestic producers of like or directly competitive goods in Canada, taking into consideration all relevant economic factors that have a bearing on the domestic producers of like or directly competitive goods, including the actual and potential changes in the level of production, employment, sales, market share, profits and losses, productivity, return on investments, utilization of production capacity, cash flow, inventories, wages, growth or ability to raise capital or investments;
- Whether the increase of the importation of the good is a principal cause of serious injury or threat thereof as defined in subsection 19.01(1) of the CITT Act;
- The global steel trade situation, including production overcapacity, trade-restrictive actions taken or considered by other countries, and the risk of trade diversion;
- Whether imports are likely to increase under such conditions as to threaten to cause serious injury to domestic producers; and,
- Any factors other than imports that have caused or threaten to cause serious injury to domestic producers of like or directly competitive goods in Canada.

In addition, the written submissions for each good may address whether imports of the good from a NAFTA country, Israel or another CIFTA beneficiary, or Chile each account for a substantial share of total imports and contribute importantly to the serious injury or threat thereof. If the Tribunal determines that they do not, the written submissions should address whether the good is imported into Canada from all sources not covered by any such negative determination in such increased quantities and under such conditions as to be a principal cause of serious injury or threat thereof to domestic producers of like or directly competitive goods.

Separate written submissions for each good that is subject to this inquiry shall include, as a preamble, an **executive summary** of the position of the party, covering each of the above issues. This summary shall be no more than 10 pages long.

B. Preliminary Written Submissions Relating to Remedies

Separate preliminary written submissions relating to remedies, for each product, shall address the following issues:

- The remedy that the Tribunal should consider to address any injury or threat thereof caused by the increased imports of the good;
- The effect of the remedy on the prices and volume of sales of the imports and of the domestically produced steel good; and,
- The effect of the remedy on the users of the steel good, including their costs of production.

C. Supporting Evidence

Evidence supporting a party's written submissions relating to injury and remedy may include, for example, internal and public information such as statistical data, market analyses, and steel-related publications and reports. In its written submissions, a party shall make clear reference to relevant excerpts of the documents that are included as part of its supporting evidence.

D. Witness Statements

Parties who intend to present witnesses shall file, for each witness, a witness statement that conveys the essential elements of their testimony.

EXCLUSIONS OF GOODS FROM REMEDIES

Requests to exclude from any remedy goods that are not available from domestic producers shall be filed by parties no later than May 24, 2002. Forms to make such request will be posted on the Tribunal's Web site shortly. Parties opposed to the request for exclusion shall file written reply submissions no later than June 3, 2002. More details will be provided to the parties at a later date.

HEARING RELATING TO INJURY

Starting on June 10, 2002, a public hearing will be held in the Canadian International Trade Tribunal Hearing Room, 18th floor, Standard Life Centre, 333 Laurier Avenue West, Ottawa, Ontario. Its purpose will be to provide parties with an opportunity to present evidence and argument relevant to whether the goods are being imported in such increased quantities since 1996, and under such conditions, as to be a principal cause of serious injury or threat thereof to domestic producers of like or directly competitive goods.

During the hearing, the Tribunal will take the lead in the questioning of witnesses. In advance of the hearing, the Tribunal will provide detailed information to parties on the procedures that it will apply and the time that it will allow for the hearing of evidence and the presentation of argument within the limited time that is available.

FURTHER SUBMISSIONS ON REMEDY

Should the Tribunal make a determination that any of the goods are being imported in such increased quantities since the beginning of 1996, and under such conditions, as to be a principal cause of serious injury or threat thereof, the Tribunal will invite parties to make further submissions on the appropriate remedies no later than July 12, 2002, under terms to be specified at a later date. The Tribunal may conduct a short hearing on remedy.

CONFIDENTIALITY

Under section 46 of the CITT Act, a person who provides information to the Tribunal and who wishes some or all of the information to be kept confidential must submit to the Tribunal, at the time that the information is provided, a statement designating the information as confidential, together with an explanation as to why that information is designated as confidential. Furthermore, the person must submit a non-confidential summary of the information designated as confidential or a statement indicating why such a summary cannot be made.

FURTHER INFORMATION

This notice of commencement of safeguard inquiry has been sent to interested governments and departments, and to producers, importers, exporters and certain purchasers of certain steel goods with a known interest in the inquiry. The notice will also be published in the April 6, 2002, edition of the *Canada* Gazette, Part 1. Copies of the questionnaires can also be found on the Tribunal's Web site.

In order to observe and understand production processes, the Tribunal, accompanied by its staff, may conduct plant visits.

Peter Welsh, the Research Director for this inquiry can be reached at (613) 993-6599. Audrey Chapman, the Research Manager, can be reached at (613) 990-2436.

Information on participation in these proceedings is available from the Office of the Secretary. Written submissions, correspondence or requests for information regarding this notice should be addressed to:

The Secretary
Canadian International Trade Tribunal
Standard Life Centre
333 Laurier Avenue West
15th Floor
Ottawa, Ontario
K1A 0G7

Telephone : (613) 993-3595
Fax: (613) 990-2439
E-mail: secretary@citt-tcce.gc.ca

Written or oral communications to the Tribunal may be made in English or in French.

Michel P. Granger
Secretary

Dated at Ottawa, Ontario
this 25th day of March 2002

SAFEGUARD INQUIRY SCHEDULE

Reference No. GC-2001-001

March 21, 2002	Order in Council issued
March 25, 2002	Tribunal issues its notice of inquiry and questionnaires
April 10, 2002	Parties file their notices of participation, notices of representation and declarations and undertakings
April 16, 2002	Producers, importers, foreign producers and purchasers file their replies to the questionnaires
May 16, 2002	Tribunal distributes exhibits and pre-hearing staff report to parties
May 24, 2002	All parties file their case briefs
June 3, 2002	All parties file their replies
June 10, 2002	Tribunal hearing begins
June 28, 2002	Latest date of completion of hearing
July 4, 2002	Tribunal issues its determinations
July 12, 2002	All parties file their submissions on remedies
August 19, 2002	Tribunal issues its report on the reasons for any determination and on any recommendation

APPENDIX IV

RECOMMENDATIONS TO EXCLUDE GOODS FROM ANY REMEDY

(Included are Exclusion Requests Recommended in Part)

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description of the Good	Requester's Proposed Wording	Tribunal's Recommendations for Exclusion
		Discrete Plate		
300.01	Conrex Steel Ltd.	Hot-rolled Carbon Steel Plates of 4089.4-mm width or more. Harmonized Tariff Number 7208.51.99.10	Hot-rolled Carbon Steel Plates in excess of 3910 mm width.	Hot-rolled carbon steel plate of a width exceeding 3,861 mm, imported under H.S. Code 7208.51.99.10.
300.02	Samuel Plate Sales	Flat rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot-rolled, not clad, plated or coated, not in coils, not further worked than hot-rolled, of a thickness exceeding 10 mm. 7208.519934, 7208.519935, 7208.519995	Hot-rolled Carbon Steel Plate, Grade ASTM A36 Thickness: 4.0" and greater Width: 96" and wider Length: 240" and longer	Hot-rolled carbon steel plate of the following descriptions: Grade ASTM A36 Thickness: 4.0 in. and greater Width: 96 in. and wider Length: 240 in. and longer
300.03	Lyman Steel Company	13% austenitic manganese steel plate: 7225.40.3050 The manganese content is intentionally made high in order to obtain an austenitic microstructure. The chemistry for manganese steel plate is as follows: C: .80 - .90 S: .040 max. Si: .10 - .45 Cr: .50 max. Mn: 12.00 – 14.00 Mo: .150 max. P: .035 max. Ni: .40 max. With or without other elements	13% austenitic manganese plate, not further worked than hot-rolled, containing by weight carbon of between 0.80 and 0.90 percent, Silicon of between 0.10 and 0.45 percent, manganese of between 12.00 and 14.00 percent, phosphorous of 0.035 percent maximum, sulfur of 0.04 percent maximum, chromium of 0.50 percent maximum, molybdenum of 0.150 percent maximum, and nickel of 0.40 percent maximum, with or without other elements	13 percent austenitic manganese plate, not further worked than hot-rolled, containing by weight carbon of between 0.80 and 0.90 percent, silicon of between 0.10 and 0.45 percent, manganese of between 12.00 and 14.00 percent, phosphorous of 0.035 percent maximum, sulfur of 0.04 percent maximum, chromium of 0.50 percent maximum, molybdenum of 0.150 percent maximum, and nickel of 0.40 percent maximum, with or without other elements. (see Exhibit No. GC-2001-001-300.31 b)

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description of the Good	Requester's Proposed Wording	Tribunal's Recommendations for Exclusion
300.05	Canadian Tooling & Machining Association	All tool steels imported under the harmonized tariff heading 7225 including but not limited to : H-11 modified, H-13, P20, 420, 420 SM, 01, A2, D2, 15-5, and S-7. These are specialty steels used in relatively low quantities in the tool, die, and mould industries.	All tool steel imported under HS heading 7225, including but not limited to H-11 modified, H-13, P20, 420, 420SM, 01, A2, D2, 15-5, and S-7.	All tool steel imported under H.S. Heading No. 7225, of grades 420, 420SM and 15-5. (see Exhibit Nos. GC-2001-001-300.23 o and 300.24 c)
300.06 a	General Motors of Canada Limited	GM Defense General Motors of Canada Limited Specification No. CMS-18 Tariff: 7225.40.90.92 Armour Specification (MIL-A-46100 Enhanced) Quenched and tempered steel armour in rectangular plate.	GM Defense General Motors of Canada Limited Specification No. CMS-18 Tariff: 7225.40.90.92 Armour Specification (MIL-A-46100 Enhanced) Quenched and tempered steel armour in rectangular plate.	GM Defense, General Motors of Canada Limited, Specification No. CMS-18, Armour Specification (MIL-A-46100 Enhanced), quenched and tempered steel armour in rectangular plate. (see Exhibit No. GC-2001-001-300.23 l)
300.06 b	General Motors of Canada Limited	GM Defense General Motors of Canada Limited Specification No. CMS-19 Tariff: 7225.40.90.92 Armour Specification (MIL-A-46100 Enhanced) Quenched and tempered steel armour in rectangular plate.	GM Defense General Motors of Canada Limited Specification No. CMS-19 Tariff: 7225.40.90.92 Armour Specification (MIL-A-46100 Enhanced) Quenched and tempered steel armour in rectangular plate.	GM Defence, General Motors of Canada Limited, Specification No. CMS-19, Armour Specification (MIL-A-46100 Enhanced), quenched and tempered steel armour in rectangular plate. (see Exhibit No. GC-2001-001-300.23 m)
300.07	High Strength Plate & Profiles Inc.	72.25 General Heading: Flat rolled products of other alloy steel, of a width of 600 mm or more. Tariff Number 7225.40.90.19.	"hot-rolled alloy steel plate 'further altered by a heat treating process of quenching in water and furnace tempering with a tempered martensitic microstructure characterized by a hardness range of 450-540 HBW and with impact values of 30 joules at – 40 degrees centigrade. Sold only in thickness 2 ½ and 3 inch under the trade name Hardox 500"	Hot-rolled alloy steel plate, characterized by a hardness range of 450-540 HBW and with impact values of 30 joules at -40 degrees centigrade, of a thickness of between 2 ½ in. and 3 in.

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description of the Good	Requester's Proposed Wording	Tribunal's Recommendations for Exclusion
300.08 a	Titus Steel Company Limited	Hot-rolled manganese abrasion resistant alloy steel plate, manufactured under original Hadfield specification ASTM equivalent A128 GdeB, with a minimum 1.0-1.4% carbon and a minimum 11.5% manganese, manufactured under the trade name Creusabro M (detailed specifications attached to original request), and imported under HS tariff code 7225.40.90.19. Creusabro M™ carbon/alloy cut-to-length plate is a non-magnetic, fully austenitic structure offering a guaranteed hardness of 180 to 250 BHN and a tensile strength of 800 MPA. Its chemical composition consists of a carbon content of 1.1 to 1.2% by weight and a manganese content of 11.5% to 13.5% by weight.	Hadfield manganese alloy steel plate, with a minimum 1.0-1.4% carbon and a minimum 11.5% manganese, work hardening steel (from 180/200 BRN to 550/600 BRN), manufactured under the trade name Creusabro M, and imported under HS tariff code 7225.40.90.19.	Hadfield manganese alloy steel plate, with a minimum 1.0-1.4% carbon and a minimum 11.5% manganese, work hardening steel (from 180/200 BRN to 550/600 BRN), manufactured under the trade name Creusabro M, or equivalent.
300.08 b	Titus Steel Company Limited	Oil quenched, work-hardening, abrasion resistant alloy steel plate, manufactured under the brand name Endura and the mill product names Creusabro 8000 and Creusabro 4000 (detailed specifications attached to original request), and imported under HS tariff code 7225.40.90.19. It is a cut-to-length plate between 3 and 63 millimetres thick, possessing a carbon content of 0.23 to 0.27 percent by weight, a manganese content of 1.00 to 1.50 percent by weight, a chromium content of 0.6 to 1.2 percent by weight, a sulphur content of 0.002 percent by weight and a phosphorous content of 0.015 percent by weight. Additionally, this product provides a tensile	Oil quenched, work-hardening abrasion resistant alloy steel plate, manufactured under mill trade name Creusabro 8000 / Creusabro 4000, marketed as brand name Endura, in thicknesses from 3 mm to 63 mm, in width of 59" to 96", and imported under HS tariff code 7225.40.90.19.	Oil quenched, work-hardening abrasion resistant alloy steel plate, manufactured under mill trade name Creusabro 8000 / Creusabro 4000, marketed as brand name Endura, or equivalent, of a thickness of between 3 mm and 63 mm, and a width of between 59 in. and 96 in.

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description of the Good	Requester's Proposed Wording	Tribunal's Recommendations for Exclusion
		strength of 1,400 to 1,700 MPA, guaranteed impact properties of 40 J/cm^2 at -20 degrees Celsius and a guaranteed hardness of 430 to 500 BHN.		
300.09 a	Usinor Canada Inc.	Quenched and tempered, hot-rolled alloy steel, not in coils, with a minimum yield strength of 690 up to 1100 N/mm^2, and imported under tariff code 7225.40.90.19 ("DILLIMAX" detailed specifications attached to original request).	Hot-rolled quenched and tempered alloy steel plate, with a minimum yield strength of 690 up to 1100 N/mm^2, ("DILIMAX" 690-890-1100 specifications), and imported under tariff code 7225.40.90.19.	Hot-rolled quenched and tempered alloy steel plate, with a minimum yield strength of 690 to 1100 N/mm^2, produced to "DILIMAX" 690-890-1100 specifications, or equivalent.
300.09 b	Usinor Canada Inc.	Abrasion resistant plate, quenched, hot-rolled alloy steel, with a minimum hardness of 400 HBN up to 600 HBN, and imported under tariff code 7225.40.90.19 ("DILLIDUR" detailed specifications attached to original request).	Hot-rolled abrasion resistant alloy steel plate, quenched with a minimum hardness of 400 HBN UP TO 600 HBN.("DILLIDUR" 400-450-450VX-500-600 specifications), and imported under the tariff code 7225.40.90.19	Hot-rolled abrasion resistant alloy steel plate, quenched, with a minimum hardness of 400 HBN up to 600 HBN, produced to "DILLIDUR" 400-450-45OVX-500-600 specifications, or equivalent.
300.09 c	Usinor Canada Inc.	Thermomechanically rolled structural plate, quenched, with a minimum yield strength of 70 KSI, hot-rolled alloy steel, flatness 1/3 of A6, qualified for improved weldability under an internationally recognized standard such as API RP2Z, stress relieved("DISAFE 100-110" detailed specifications attached to original request), and imported under tariff code 7225.40.90.19.	Thermomechanically hot-rolled structural alloy steel plate, quenched, "DISAFE 100-110" stress relieved, with a minimum yield strength of 60 KSI, and imported under tariff code 7225.40.90.19.	Thermomechanically hot-rolled structural alloy steel plate, quenched, produced to the "DISAFE 100-110" specification, or equivalent, stress relieved, with a minimum yield strength of 60 ksi.
300.09 d	Usinor Canada Inc.	"DIMO 2311" (detailed specifications attached to original request), air hardened and tempered, with a chromium content of 1.8-2.1% and a molybdenium content of .15-.25 in combination with a sulphur content of less than .002%, hot-rolled plate, made out of vacuum degassed steel, and imported under tariff code 7225.40.90.11.	Hot-rolled alloy steel plate, air hardened and tempered, with a chromium content of 1.8-2.1% and a molybdenium content of .15-.25 in combination with a sulphur content of less than .002%, produced to the "DIMO 2311" specification, made out of vacuum degassed steel, and imported under tariff code 7225.40.90.11.	Hot-rolled alloy steel plate, air hardened and tempered, with a chromium content of 1.8-2.1% and a molybdenium content of .15-.25 in combination with a sulphur content of less than .002%, produced to the "DIMO 2311" specification, or equivalent, made out of vacuum degassed steel.

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description of the Good	Requester's Proposed Wording	Tribunal's Recommendations for Exclusion
300.09 e	Usinor Canada Inc.	"DIMO 2312" (detailed specifications attached to original request), air hardened and tempered, with a chromium content of 1.8-2.1%, and a molybdenium content of .15-.25 in combination with a sulphur content of less than .06%, hot-rolled plate, made out of vacuum degassed steel, and imported under tariff code 7225.40.90.11.	Hot-rolled alloy steel plate, air hardened and tempered, with a chromium content of 1.8-2.1% and a molybdenium content of .15-.25 in combination with a sulphur content of less than .06% produced to the "DIMO 2312" specification, made out of vacuum degassed steel, and imported under tariff code 7225.40.90.11.	Hot-rolled alloy steel plate, air hardened and tempered, with a chromium content of 1.8-2.1% and a molybdenium content of .15-.25 in combination with a sulphur content of less than .06%, produced to the "DIMO 2312" specification, or equivalent, made out of vacuum degassed steel.
300.09 f	Usinor Canada Inc.	"DIMO 42H" (detailed specifications attached to original request), air hardened and tempered, with the chromium, manganese and molybdenum contents mentioned in the specification, hot-rolled plate, made out of vacuum degassed steel, and imported under tariff code 7225.40.90.91.	Hot-rolled alloy steel plate, air hardened and tempered, produced to the "DIMO 42H" specification, made out of vacuum degassed steel, and imported under tariff code 7225.40.90.91.	Hot-rolled alloy steel plate, air hardened and tempered, produced to the "DIMO 42H" specification, or equivalent, made out of vacuum degassed steel.
300.09 g	Usinor Canada Inc.	SA 299 normalized, hot-rolled plate, made out of vacuum degassed steel, with superior carbon equivalent and low sulphur properties (<=0.002%), meeting the HIC requirements, and imported under tariff code 7208.51.99.10.	Hot-rolled plate, SA 299 normalized, made out of vacuum degassed steel, with superior carbon equivalent and low sulphur properties (equal or less than 0.002%), meeting the HIC requirements, and imported under tariff code 7208.51.99.10	Hot-rolled plate, SA 299 normalized, made out of vacuum degassed steel, with superior carbon equivalent and low sulphur properties (equal or less than 0.002%), meeting the HIC requirements, or equivalent.
300.09 h	Usinor Canada Inc.	SA 516-55-60-65-70 normalized, hot-rolled plate, made out of vacuum degassed steel, with superior carbon equivalent and low sulphur properties (<=0.002%), meeting the HIC requirements, and imported under tariff code 7208.51.99.10.	Hot-rolled plate SA 516-55-60-65-70 normalized, made out of vacuum degassed steel, with superior carbon equivalent and low sulphur properties (equal or less than 0.002%), meeting the HIC requirements, and imported under tariff code 7208.51.99.10.	Hot-rolled plate, SA 516-55-60-65-70 normalized, made of vacuum degassed steel, with superior carbon equivalent and low sulphur properties (equal or less than 0.002%), meeting the HIC requirements, or equivalent.
300.09 i	Usinor Canada Inc.	SA 516-55-60-65-70 as rolled, hot-rolled plate, made out of vacuum degassed steel, with superior carbon equivalent and low	Hot-rolled plate SA 516-55-60-65-70 as rolled, made out of vacuum degassed steel, with superior carbon equivalent and low	Hot-rolled plate, SA 516-55-60-65-70 as rolled, made of vacuum degassed steel, with superior carbon equivalent and low sulphur

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description of the Good	Requester's Proposed Wording	Tribunal's Recommendations for Exclusion
		sulphur properties (<=0.002%), meeting the HIC requirements, and imported under tariff code 7208.51.99.91.	sulphur properties (equal or less than 0.002%), meeting the HIC requirements, and imported under tariff code 7208.51.99.91.	properties (equal or less than 0.002%), meeting the HIC requirements, or equivalent.
300.09 j	Usinor Canada Inc.	SA 299 as rolled, hot-rolled plate, made out of vacuum degassed steel, with superior carbon equivalent and low sulphur properties (<=0.002%), meeting the HIC requirements, and imported under tariff code 7208.51.99.91.	Hot-rolled plate, SA 299 as rolled, made out of vacuum degassed steel, with superior carbon equivalent and low sulphur properties (equal or less than 0.002%), meeting the HIC requirements, and imported under tariff code 7208.51.99.91	Hot-rolled plate, SA 299 as rolled, made of vacuum degassed steel, with superior carbon equivalent and low sulphur properties (equal or less than 0.002%), meeting the HIC requirements, or equivalent.
300.09 k	Usinor Canada Inc.	SA 387-22-2 normalized and tempered, chrome moly alloy plate, made out of vacuum degassed steel, with superior carbon equivalent and low sulphur properties (<=0.002%), meeting the HIC requirements, and imported under tariff code 7225.40.90.19.	Hot-rolled chrome moly alloy steel plate, SA 387-22-2 normalized and tempered, made out of vacuum degassed steel, with superior carbon equivalent and low sulphur properties (equal or less than 0.002%), meeting the HIC requirements, and imported under tariff code 7225.40.90.19.	Hot-rolled chrome moly alloy steel plate, SA 387-22-2 normalized and tempered, made of vacuum degassed steel, with superior carbon equivalent and low sulphur properties (equal or less than 0.002%), meeting the HIC requirements, or equivalent.
300.09 l	Usinor Canada Inc.	SA 387-11-2 normalized and tempered, chrome moly alloy plate, made out of vacuum degassed steel, with superior carbon equivalent and low sulphur properties (<=0.002%), meeting the HIC requirements, and imported under tariff code 7225.40.90.19.	Hot-rolled chrome moly alloy steel plate, SA 387-11-2 normalized and tempered, made out of vacuum degassed steel, with superior carbon equivalent and low sulphur properties (equal or less than .002%), meeting the HIC requirements, and imported under tariff code 7225.40.90.19.	Hot-rolled chrome moly alloy steel plate, SA 387-11-2 normalized and tempered, made of vacuum degassed steel, with superior carbon equivalent and low sulphur properties (equal or less than 0.002%), meeting the HIC requirements, or equivalent.
300.09 m	Usinor Canada Inc.	AISI 4140 normalized and tempered, alloy steel plate, made out of vacuum degassed steel, and imported under tariff Code 7225.40.90.19.	Hot-rolled alloy steel plate, AISI 4140 normalized and tempered, made out of vacuum degassed steel, and imported under tariff code 7225.40.90.19.	Hot-rolled alloy steel plate, AISI 4140 normalized and tempered, made of vacuum degassed steel.

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300.10 a	Caterpillar of Canada Ltd.	Flat rolled alloy steel ASTM 41B27 modified with a thickness of 40 mm or greater and a width of 1900 mm or more with a minimum reduction ratio of 7:1. This reduction ratio requires ingot made steel (i.e., steel that is poured in molds as opposed to continuously cast). HTS Code: 7225.40.9093.	Flat rolled alloy steel ASTM 41B27 modified with a thickness of 40 mm or greater and a width of 1900 mm or more with a minimum reduction ratio of 7:1.	Hot-rolled alloy steel plate, ASTM 41B27 modified, of a thickness of 40 mm or more, a width of 1,900 mm or more with a minimum reduction ratio of 7:1, imported under H.S. Code 7225.40.90.93.
300.10 b	Caterpillar of Canada Ltd.	Flat rolled alloy steel ASTM 41B27 modified with a thickness of 45 mm or greater and a width of 1600 mm or more with a minimum reduction ratio of 7:1. This reduction ratio requires ingot made steel (i.e., steel that is poured in molds as opposed to continuously cast). HTS Code: 7225.40.9092.	Flat rolled alloy steel ASTM 41B27 modified with a thickness of 45 mm or greater and a width of 1600 mm or more with a minimum reduction ratio of 7:1.	Hot-rolled alloy steel plate, ASTM 41B27 modified, of a thickness of 45 mm or more, a width of 1,600 mm or more with a minimum reduction ratio of 7:1, imported under H.S. Code 7225.40.90.92.
300.11 b	United States Steel International	Plate high strength low alloy ASTM A572 Gr.50 Structural quality as rolled plate Thickness- 3/8" and heavier Width- 72" and wider (HS classification # 7208.51)	Plate high strength low alloy ASTM A572 Gr.50 Structural quality as rolled plate Thickness- 3/8" and heavier Width- 72" and wider (HS classification # 7208.51)	High-strength low alloy plate made to ASTM A572, Gr.50, structural quality as rolled, of a thickness exceeding 3 in. and a width of 72 in. and more.
300.13	Alberta Pressure Vessel Manufacturers' Association	Plate made to ASME specifications: SA203, SA387 (grades 11, 22 and 5 class 2), SA414G, SA455G, SA515, SA516 (grades 60 to 70 inclusive), SA537 (class 1) and SA662 (grades A, B and C), or equivalent specifications in either ASME or other designation systems or standards. HS tariff classification (10-DIGIT): 7225.40.90.19	Plate made to ASME specifications: SA203, SA387 (grades 11, 22 and 5 class 2), SA414G, SA455G, SA515, SA516 (grades 60 to 70 inclusive), SA537 (class 1) and SA662 (grades A, B and C), or equivalent specifications in either ASME or other designation systems or standards. HS tariff classification (10-DIGIT): 7225.40.90.19	Plate made to ASME specifications: SA203, SA387 (grades 11, 22 and 5 class 2), SA 414G, SA 515 and SA 662 (grade A), or equivalent specifications in either ASME or other designation systems or standards.

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300.15	Wirth Steel	Hot-rolled Carbon Steel Plates over 3 ½" in thickness. 72085199	Hot-rolled carbon steel plate certified to chemical and mechanical properties of ASTM A36 or CSA G40.21 – 44W standard in thickness over 3-½".	Hot-rolled carbon steel plate "certified" to chemical and mechanical properties of ASTM A36 or CSA G40.21 – 44W standard of a thickness exceeding 4-½ in.
300.17 c	Ferrostaal Metals Limited	All Hot-rolled Carbon Steel plate over 3 1/2" thick included in subheadings : 7208.40, 7208.51 and 7225.40.	All Hot-rolled Carbon Steel plate over 3 1/2" thick included in subheadings : 7208.40, 7208.51 and 7225.40.	Hot-rolled carbon steel plate "certified" to chemical and mechanical properties of ASTM A36 or CSA G40.21 – 44W standard, of a thickness exceeding 4-½ in.
300.17 e	Ferrostaal Metals Limited	Hot-rolled Carbon Steel Floor plate/checker plate greater than 3/8" thick included in subheadings: 720.40, 7208.52 and 7225.40.	Hot-rolled Carbon Steel Floor plate/checker plate greater than 3/8" thick included in subheadings: 720.40, 7208.52 and 7225.40.	Hot-rolled carbon steel floor plate/checker plate of a thickness exceeding 0.394 in. (see Exhibit No. GC-2001-001-300.23 j)
300.17 f	Ferrostaal Metals Limited	Hot-rolled Carbon Steel Plate with piece weight exceeding 30,000lbs.	Hot-rolled Carbon Steel Plate with piece weight exceeding 30,000lbs.	Hot-rolled carbon steel plate with a piece weight exceeding 50,000 lbs. (see Exhibit No. GC-2001-001-300.23 k)
300.18	Olbert Metal Sales Limited	Hot-rolled Carbon Steel Plate made to specification SA 516 Gr 70 vacuum degassed; Impact Test: to S5 of SA 20 and charpy V Notch Test; Tolerance = ½ ASME SA 20 Sub Heading 7208.52 Tariff Codes 72085191, 72085300 and 72089000	Hot-rolled Carbon Steel Plate made to specification SA 516 Gr 70 vacuum degassed; Impact Test: to S5 of SA 20 and charpy V Notch Test; Tolerance = ½ ASME SA 20	Hot-rolled carbon steel plate made to specification SA 516, Gr 70, vacuum degassed; Impact Test: to S5 of SA 20 and charpy V; Notch Test: Tolerance = ½ ASME SA 20; imported under H.S. Subheading No. 7208.52 and Codes 7208.51.91, 7208.53.00 and 7208.90.00.
300.19 d	Salzgitter AG	Hot-rolled Carbon Steel Plate made to specifications A 514 Grade B thicknesses 0.250 to 3.000 inches inclusive. 72254050 and 72254020	Hot-rolled Carbon Steel Plate made to specifications A 514 Grade B thicknesses 0.250 to 3.000 inches inclusive.	Hot-rolled carbon steel plate made to specifications A 514, Grade B, of a thickness of 0.250 to 3.000 in. inclusive.
300.21 a	Aker Maritime Kiewit Contractors	7208.51.99.10 Flat-rolled products of other alloy steel, not further worked than hot-rolled heat treated of thickness exceeding 10 mm. For further precision, Type 1 and 2 Carbon Steel Plate over 26mm thickness meeting	Type 1 and 2 Carbon steel plate over 26 mm thickness for Offshore Structures.	Type 1 and 2 carbon steel plate of a thickness exceeding 26 mm for offshore structures, meeting the requirements of Specification WR-P-99-S-SP-00005-001: "Structura l Steel Materials", or equivalent, imported under H.S. Code 7208.51.99.10.

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		the requirements of Specification WR-P-99-S-SP-00005-001: "Structura l Steel Materials"		
300.21 b	Aker Maritime Kiewit Contractors	7725.40.90.19 Flat-rolled products of iron or non-alloy steel, not further worked than hot-rolled, heat treated greater than 4.75 mm in thickness. For further precision, Type 1 and 2 Carbon Steel Plate over 26mm thickness meeting the requirements of Specification WR-P-99-S-SP-00005-001: "Structural Steel Materials"	Type 1 and 2 Carbon steel plate greater than 26 mm in thickness for Offshore Structures.	Type 1 and 2 carbon steel plate of a thickness exceeding 26 mm for offshore structures, meeting the requirements of Specification WR-P-99-S-SP-00005-001: "Structural Steel Materials", or equivalent, imported under H.S. Code 7225.40.90.19.
300.22 a	SSAB Oxelosund AB	ARMOX 370T (detailed specifications attached to original request).	(a) ARMOX 370T quenched and tempered martensitic phase low alloy armor discrete plate with Brinell hardness of 370 in thickness range 3.0 mm to 150 mm. (b) Subsidiarily, ARMOX 370T quenched and tempered martensitic phase low alloy armor discrete plate with Brinell hardness of 370 in thickness below 6mm and above 31 mm for the Canadian market	ARMOX 370T, or equivalent, quenched and tempered martensitic phase low alloy armour discrete plate with Brinell hardness of 370, of a thickness between 64 mm and 127 mm.
300.22 b	SSAB Oxelosund AB	ARMOX 440T (detailed specifications attached to original request).	ARMOX 440T quenched and tempered martensitic phase low alloy armor discrete plate with Brinell hardness of 440 in thickness range 4,0 mm to 30 mm.	ARMOX 440T, or equivalent, quenched and tempered martensitic phase low alloy armour discrete plate with Brinell hardness of 440, of a thickness between 4.0 mm and 30 mm.
300.22 c	SSAB Oxelosund AB	ARMOX 500T (detailed specifications attached to original request).	(a) ARMOX 500T quenched and tempered martensitic phase low alloy armor discrete plate with Brinell hardness of 500 in thickness range 3.0 mm to 150 mm. (b) Subsidiarily, ARMOX 500T quenched	ARMOX 500T, or equivalent, quenched and tempered martensitic phase low alloy armour discrete plate with Brinell hardness of 500, of a thickness between 27 mm and 127 mm.

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			and tempered martensitic phase low alloy armor discrete plate with Brinell hardness of 500 in thickness below 6mm above 31mm for the Canadian market	
300.22 d	SSAB Oxelosund AB	ARNOX 560T (detailed specifications attached to original request).	ARMOX 560T quenched and tempered martensitic phase low alloy armor discrete plate with Brinell hardness of 560 in thickness range 5.0 mm to 100 mm.	ARMOX 560T, or equivalent, quenched and tempered martensitic phase low alloy armour discrete plate with Brinell hardness of 560, of a thickness between 5.0 mm and 100 mm.
300.22 e	SSAB Oxelosund AB	ARMOX 600T (detailed specifications attached to original request).	ARMOX 600T quenched and tempered martensitic phase low alloy armor discrete plate with Brinell hardness of 600 in thickness range 5,0 mm to 100 mm.	ARMOX 600T, or equivalent, quenched and tempered martensitic phase low alloy armour discrete plate with Brinell hardness of 600, of a thickness between 5.0 mm and 100 mm.
300.22 f	SSAB Oxelosund AB	HARDOX 400 (detailed specifications attached to original request). The symbol 400 reflects degrees of Brinell Hardness.	(a) Hardox 400 quenched and tempered martensitic phase low alloy abrasion resistant discrete plate with Brinell hardness of 400 in thickness range 3.2 mm to 130 mm. (b) Subsidiarily, Hardox 400 quenched and tempered martensitic phase low alloy abrasion resistant discrete plate with Brinell hardness of 400 in thickness above 70 mm (2 3/4") and below 4.8 mm (3/16").	Hardox 400, or equivalent, quenched and tempered martensitic phase low alloy abrasion resistant discrete plate with Brinell hardness of 400, of a thickness smaller than 5 mm or greater than 70 mm.
300.22 g	SSAB Oxelosund AB	HARDOX 450 (detailed specifications attached to original request). The symbol 450 reflects degrees of Brinell hardness.	(a) Hardox 450 quenched and tempered martensitic phase low alloy abrasion resistant discrete plats with Brinell hardness of 450 in thickness range 3.2 mm to 80 mm, (b) Subsidiarily, Hardox 450 quenched and tempered martensitic phase low alloy abrasion resistant discrete plate with Brinell hardness of 450 in thickness above 65 mm (2 1/2") or below 6 mm (1/4").	Hardox 450, or equivalent, quenched and tempered martensitic phase low alloy abrasion resistant discrete plate with Brinell hardness of 450, less than 5 mm or more than 50 mm thick.

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300.22 h	SSAB Oxelosund AB	HARDOX 500 (detailed specifications attached to original request). The symbol 500 reflects degrees of Brinell hardness,	(a) Hardox 500 quenched and tempered martensitic phase low alloy abrasion resistant discrete plate with Brinell hardness of 500 in thickness range 4 mm to 80 mm. (b) Subsidiarily, Hardox 500 quenched and tempered martensitic phase low alloy abrasion resistant discrete plate with Brinell hardness of 500 in thickness above 50 mm (2") or below 6 mm (1/4").	Hardox 500, or equivalent, quenched and tempered martensitic phase low alloy abrasion resistant discrete plate with Brinell hardness of 500, less than 5 mm or more than 50 mm thick.
300.22 i	SSAB Oxelosund AB	HARDOX 600 (detailed specifications attached to original request). The symbol 600 reflects degrees of Brinell hardness	Hardox 600 quenched and tempered martensitic phase low alloy abrasion resistant discrete plate with Brinell hardness of 600 in thickness range 10 mm to 30 mm.	Hardox 600, or equivalent, quenched and tempered martensitic phase low alloy abrasion resistant discrete plate with Brinell hardness of 600, between 10 mm to 30 mm thick.
300.22 j	SSAB Oxelosund AB	WELDOX 100 (detailed specifications attached to original request). The symbol 100 reflects Ksi yield strength.	(a) Weldox 100 quenched and tempered martensitic phase low alloy structural discrete plate with min yield strength of 100 Ksi (700 Mpa) in thickness range 3.2 mm to 130 mm; (b) Subsidiarily, Weldox 100 quenched and tempered martensitic phase low alloy structural discrete plate with min yield strength of 100 Ksi (700 Mpa) in thickness above 70 mm (2 3/4") or below 5 mm (3/16").	Weldox 100, or equivalent, quenched and tempered martensitic phase low alloy structural discrete plate with min yield strength of 100 ksi (700 Mpa), less than 5 mm or more than 85 mm thick.
300.22 k	SSAB Oxelosund AB	WELDOX 130 (detailed specifications attached to original request). The symbol 130 reflects Ksi yield strength.	(a) Weldox 130 quenched and tempered martensitic phase low alloy structural discrete plate with min yield strength of 130 Ksi (900 Mpa) in thickness range 3,2 mm to 80 mm. (b) Subsidiarily, Weldox 130 quenched and tempered martensitic phase low alloy	Weldox 130, or equivalent, quenched and tempered martensitic phase low alloy structural discrete plate with min yield strength of 130 ksi (900 Mpa), less than 5 mm or more than 65 mm thick.

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			structural discrete plate with min yield strength of 130 ksi (900 Mpa) in thickness above 65 m (2 1/2") or below 6 m (1/4").	
300.22 l	SSAB Oxelosund AB	WELDOX 140 (detailed specifications attached to original request). The symbol 140 reflects ksi field strength	Weldox 140 quenched and tempered martensitic phase low alloy structural steel discrete plate with min yield strength of 140 ksi (960 Mpa) in thickness range 4 mm to 50 mm.	Weldox 140, or equivalent, quenched and tempered martensitic phase low alloy structural steel discrete plate with min yield strength of 140 ksi (960 Mpa), less than 5 mm or more than 75 mm thick.
300.23 a	Bethlehem Steel Corporation	All alloy tool steel plate less than 1-1/2" nominal thickness. Harmonized Tariff Number 7225.40.90.22.	All alloy tool steel plate less than 1-1/2" nominal thickness. Harmonized Tariff Number 7225.40.90.22.	All alloy tool steel plate of a nominal thickness of less than 1-1/2 in., imported under H.S. Code 7225.40.90.22. (see Exhibit No. GC-2001-001-300.05)
300.23 b	Bethlehem Steel Corporation	ASTM A387 pressure vessel steel plate, all thicknesses, all grades.	ASTM A387 pressure vessel steel plate, all thicknesses, all grades.	ASTM A387 pressure vessel steel plate, of all grades.
300.23 c	Bethlehem Steel Corporation	Bombardier specification BOMBA-SMP-109-2-96 HSLA-80, quenched and tempered alloy plate, all sizes, or equivalent.	Bombardier specification BOMBA-SMP-109-2-96 HSLA-80, quenched and tempered alloy plate, all sizes, or equivalent.	Bombardier Specification BOMBA-SMP-109-2-96, HSLA-80, quenched and tempered alloy plate, imported under H.S. Code 7208.51.99.10 or 7208.51.90.10, according to thicknesses (carbon steel) and 7225.40.90.19 (alloy steel). (see Exhibit No. GC-2001-001-300.27)
300.23 d	Bethlehem Steel Corporation	Bombardier specification BOMBA-SMP-110-C-93, HSLA normalized, in all sizes or equivalent.	Bombardier specification BOMBA-SMP-110-C-93, HSLA normalized, in all sizes or equivalent.	Bombardier Specification BOMBA-SMP-110-C-93, HSLA normalized, imported under H.S. Code 7208.51.99.10 or 7208.51.90.10, according to thicknesses (carbon steel) and 7225.40.90.19 (alloy steel). (see Exhibit No. GC-2001-001-300.27)
300.23 g	Bethlehem Steel Corporation	All Hot-rolled Carbon and Alloy Steel plate over 3-1/2" thick included in subheadings: 7208.40, 7208.51 and 7225.40.	All Hot-rolled Carbon and Alloy Steel plate over 3-1/2" thick included in subheadings: 7208.40, 7208.51 and 7225.40.	Hot-rolled carbon and alloy steel plate, "certified", of a thickness exceeding 4-1/2 in., imported under H.S. Subheading Nos. 7208.40, 7208.51 and 7225.40.

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300.23 j	Bethlehem Steel Corporation	Hot-rolled Carbon Steel Floor plate/checker plate greater than 3/8" thick included in subheadings: 7208.40, 7208.52 and 7225.40.	Hot-rolled Carbon Steel Floor plate/checker plate greater than 3/8" thick included in subheadings: 7208.40, 7208.52 and 7225.40.	Hot-rolled carbon steel floor plate/checker plate of a thickness exceeding 0.394 in. (see Exhibit No. GC-2001-001-300.17 e)
300.23 k	Bethlehem Steel Corporation	Hot-rolled Carbon Steel Plate with piece weight exceeding 30,000 lbs.	Hot-rolled Carbon Steel Plate with piece weight exceeding 30,000 lbs.	Hot-rolled carbon steel plate with a piece weight exceeding 50,000 lbs. (see Exhibit No. GC-2001-001-300.17 f)
300.23 l	Bethlehem Steel Corporation	GM Defense, Specification No. CMS-18, Armour Specification (MIL-A-46100 Enhanced), Quenched and tempered steel armour in rectangular plate. Harmonized Tariff No.: 7225.40.90.92	GM Defense, Specification No. CMS-18, Armour Specification (MIL-A-46100 Enhanced), Quenched and tempered steel armour in rectangular plate. Harmonized Tariff No.: 7225.40.90.92	GM Defense, General Motors of Canada Limited, Specification No. CMS-18, Armour Specification (MIL-A-46100 Enhanced), quenched and tempered steel armour in rectangular plate. (see Exhibit No. GC-2001-001-300.06 a)
300.23 m	Bethlehem Steel Corporation	GM Defense, Specification No. CMS-19, Armour specification (MIL-A-12500G, Amendment 3 and MIL-A-461771A, Amendment 2 enhanced), Quenched and tempered steel armour in rectangular plate. Harmonized Tariff No.:7225.40.90.92	GM Defense, Specification No. CMS-19, Armour specification (MIL-A-12500G, Amendment 3 and MIL-A-461771A, Amendment 2 enhanced), Quenched and tempered steel armour in rectangular plate. Harmonized Tariff No.: 7225.40.90.92	GM Defense, General Motors of Canada Limited, Specification No. CMS-19, Armour Specification (MIL-A-12500G, Amendment 3 and MIL-A-461771A, Amendment 2 Enhanced), quenched and tempered steel armour in rectangular plate. (see Exhibit No. GC-2001-001-300.06 b)
300.23 o	Bethlehem Steel Corporation	All tool steel plate wider than 600 mm. Harmonized Tariff Number 7225.40.90.22	All tool steel plate wider than 600 mm. Harmonized Tariff Number 7225.40.90.22	Alloy, hot-rolled tool steel, not in coils, of a width exceeding 762 mm (30 in.), a thickness exceeding 4.75 mm, imported under H.S. Code 7225.40.90.22. (see Exhibit No. GC-2001-001-300.05)
300.24 a	Midland Steel Ltd.	Canadian Customs Tariff Schedule Tariff Item 7226.20.00.92 Technical Description Other alloy, hot-rolled high speed steel plate, exceeding 4.75 mm. thickness.	Other alloy, hot-rolled high speed steel plate, exceeding 4.75 mm. thickness.	Alloy, hot-rolled high speed steel plate, of a thickness exceeding 4.75 mm, imported under H.S. Code 7226.20.00.92.

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300.24 b	Midland Steel Ltd.	Canadian Customs Tariff Schedule Tariff Item 7225.40.90.91 Technical Description Other alloy, hot-rolled, 600mm to 1525mm wide, not in coils, grade 4/Y0N&T. (??)	Other alloy, hot-rolled, 600mm to 1525mm wide, not in coils, grade 4/Y0N&T. (??)	Alloy, hot-rolled steel plate of a width exceeding 762 mm (30 in.), imported under H.S. Code 7225.40.90.91.
300.24 c	Midland Steel Ltd.	Canadian Customs Tariff Schedule Tariff Item 7225.40.90.22 Technical Description Other alloy, hot-rolled tool steel, 600mm or more wide, thickness exceeding 4.75 mm, not in coils.	Other alloy, hot-rolled tool steel, 600mm or more wide, thickness exceeding 4.75 mm, not in coils.	Alloy, hot-rolled tool steel of a width exceeding 762 mm (30 in.), a thickness exceeding 4.75 mm, imported under H.S. Code 7225.40.90.22. (see Exhibit No. GC-2001-001-300.05)
300.24 d	Midland Steel Ltd.	Canadian Customs Tariff Schedule Tariff Item 7225.40.90.91 Technical Description Other alloy, hot-rolled, 600mm to 1,525mm wide, not in coils.	Other alloy, hot-rolled, 600mm to 1,525mm wide, not in coils.	Alloy, hot-rolled steel plate of a width exceeding 762 mm (30 in.), imported under H.S. Code 7225.40.90.91.
300.24 e	Midland Steel Ltd.	Canadian Customs Tariff Schedule Tariff Item 7225.20.00.91 Technical Description Other alloy, hot-rolled high speed steel, 600mm or more wide, thickness not exceeding 4.75mm.	Other alloy, hot-rolled high speed steel, 600mm or more wide, thickness not exceeding 4.75mm.	Alloy, hot-rolled high speed steel, of a width of at least 600 mm, a thickness not exceeding 4.75 mm, imported under H.S. Code 7225.20.00.91.
300.25	Aciers Spécialisés Boyer & Morin Inc.	Pressure vessel alloy plates. Classification # 7225.40.90.19, ASME SA-517, B and F grades. These plates are used in the production of mobile plants of propane reservoirs. ASTM A-514, Q, S and E grades (structural plates)	Alloy steel plates, according to ASME SA-517, F and B grades, and to ASTM A-514, Q, E and S grades, and according to specification attached to the initial exclusion request (Appendice 1-S).	Alloy steel plates, according to ASME SA-517, F and B grades, and to ASTM A-514, Q, E and S grades, and according to specification attached to the initial exclusion request (Appendice 1-S). imported under tariff number 7225.40.90.19.

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		These plates must be produced according to the specification attached to the initial exclusion request (Appendice 1-S).		
300.26 a	Usinor Industeel (Groupe Arcelor)	Tenasteel plates: Alloy tool steel plates, for cold work, soft-annealed delivery (<260 BHN), with the chemical properties of the certified Tenasteel product, used in cutting, imported under tariff number 7225.40.90.22.	Alloy steel plates, for cold work, with the chemical properties of the certified Tenasteel product, thickness of 10 to 130 mm and width exceeding 800 mm, imported under tariff number 7225.40.90.22.	Alloy steel plates, for cold work, with the chemical properties of the certified Tenasteel product, thickness of 10 to 130 mm and width exceeding 800 mm, imported under tariff number 7225.40.90.22
300.26 b	Usinor Industeel (Groupe Arcelor)	Alloy steel plates, ASTM-A and ASME-SA-203, A-B-C-D-E grades, imported under tariff number 7225.40.90.19.	Alloy steel plates, ASTM-A and ASME-SA-203, A-B-C-D-E grades, imported under tariff number 7225.40.90.19.	Alloy steel plates, ASTM-A and ASME-SA-203, A-B-C-D-E grades, imported under tariff number 7225.40.90.19.
300.26 c	Usinor Industeel (Groupe Arcelor)	Alloy steel plates, ASTM-A and ASME-SA-387, 11-12-22-5-9-91 grades, imported under tariff number 7225.40.90.19.	Alloy steel plates, ASTM-A and ASME-SA-387, 11-12-22-5-9-91 grades, imported under tariff number 7225.40.90.19.	Alloy steel plates, ASTM-A and ASME-SA-387, 11-12-22-5-9-91 grades, imported under tariff number 7225.40.90.19.
300.26 d	Usinor Industeel (Groupe Arcelor)	Special quality assurance (QA) plates. Hot-rolled carbon and alloy steel plates, for specific applications (e.g., nuclear industry, and oil and gas industry), where suppliers must meet strict QA requirements. In addition, these plates are often subject to restrictive chemical analyses. They are imported under tariff numbers 7208.52.90.10 (4.75 mm up to 10 mm) or 7208.51.99.10 (exceeding 10 mm) for carbon steel and 7225.40.90.19 for alloy steel.	Hot-rolled carbon and alloy steel plates, produced in accordance with specific QA processes of ASME. For example, they are produced for the nuclear industry (ASME code -sec. II & III, subsection NC) and offshore platforms of the oil and gas industry. They are imported under tariff numbers 7208.52.90.10 or 7208.51.99.10 (carbon steel) and 7225.40.90.19 (alloy steel).	Hot-rolled carbon and alloy steel plates, produced in accordance with specific QA processes of ASME. For example, they are produced for the nuclear industry (ASME code -sec. II & III, subsection NC) and offshore platforms of the oil and gas industry. They are imported under tariff numbers 7208.52.90.10 or 7208.51.99.10 (carbon steel) and 7225.40.90.19 (alloy steel).
300.26 e	Usinor Industeel (Groupe Arcelor)	Carbon and alloy steel plates, of special chemical composition: Hot-rolled carbon and alloy steel plates, with a more restrictive analysis range than the applicable standards	Hot-rolled carbon and alloy steel plates, with imposed low levels of sulfur (0.002) and/or phosphorus and derogatory carbon equivalent values (CEQ) in respect of	Hot-rolled carbon and alloy steel plates, with imposed low levels of sulfur (0.002) and/or phosphorus and derogatory carbon equivalent values (CEQ) in respect of

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		(ASTM or ASME). This could mean the imposition of low levels of sulfur (0.002) or phosporous, which allows the production of clean steel (per document attached <Clean Steel > attached to the initial exclusion request), or the imposition of certain carbon equivalent values (CEQ) according to requirements of end user. These types of steel are often the subject of specific tests (e.g. tests according to NACE TM-02-84 standards for service in a H2S environment in the oil and gas industry) (per document attached <Résistance à l'HIC>) attached to the initial exclusion request. These types of steel are imported under tariff numbers 7208.52.90.10 (4.75 up to 10 mm) or 7208.51.99.10 (exceeding 10 mm) for carbon steel and 7225.40.90.19 for alloy steel.	applicable standards (per tables attached <Clean Steel> and <Résistance à l'HIC> attached to the initial exclusion request), imported under tariff numbers 7208.52.90.10, 7208.51.99.10 or 7225.40.90.19.	applicable standards (per tables attached <Clean Steel> and <Résistance à l'HIC> attached to the initial exclusion request), imported under tariff numbers 7208.52.90.10, 7208.51.99.10 or 7225.40.90.19.
300.26 g	Usinor Industeel (Groupe Arcelor)	Superplast 300 plates: Alloy steel plates, with high level of hardness (>250 BHN), for plastic injection moulds (tools according to the definition of AISI), with the chemical properties of the certified Superplast 300 product (as described in the document attached), imported under tariff number 7225.40.90.11. Superplast 300 is a product characterized by its very good machinability, its thermal conductivity and its weldability.	Alloy steel plates, with high level of hardness (>250 BHN), for plastic injection moulds, with the chemical properties of the certified Superplast 300 product, with a thickness of 10 to 130 mm and a width exceeding 800 mm, imported under tariff number 7225.40.90.11.	Alloy steel plates, with high level of hardness (>250 BHN), for plastic injection moulds, with the chemical properties of the certified Superplast 300 product, with a thickness of 10 to 130 mm and a width exceeding 800 mm, imported under tariff number 7225.40.90.11.
300.26 h	Usinor Industeel (Groupe	Carbon and alloy steel plates, produced on a Steckel rolling mill. Hot-rolled plates	Hot-rolled carbon and alloy steel plates, produced on a Steckel rolling mill, 4 mm	Hot-rolled carbon and alloy steel plates, 5 mm to 6 mm thick and 2000 mm to

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	Arcelor)	produced on a special type of rolling mill called Steckel, which are defined by their specific range of sizes. These are thin plates, with thicknesses of 4 mm, 5 mm and 6 mm, produced in broad widths. They have the advantage of stricter dimensional tolerances (+0.2 mm) and flatness tolerances (5 mm per metre). They are imported under tariff numbers 7208.52.90.10 (thicknesses of 4.75 mm up to 10 mm), 7208.53.00.30 (3 mm up to 4.75 mm in widths of 1830 mm up to 2450 mm) and 7208.53.00.40 (3 mm up to 4.75 mm in widths of 2450 mm or more) for carbon steel and 7225.40.90.19 for alloy steel.	wide and 2000 mm to 2750 mm thick, and 5 mm to 6 mm thick and 2000 mm to 3000 mm wide, imported tariff numbers 7208.52.90.10, 7208.53.00.30, 7208.53.00.40 and 7225.40.90.19.	2750 mm wide, and stricter flatness tolerances (5 mm per metre), imported under tariff numbers 7208.52.90.10, 7208.53.00.30, 7208.53.00.40 and 7225.40.90.19.
300.26 i	Usinor Industeel (Groupe Arcelor)	Tool steel plates: Cold work and hot work alloy tool steel plates, soft annealed delivery (<270 BHN), with chemical properties of AISI A2, AISI D2, AISI O1, AISI H11 and AISI H13 grades imported under tariff number 7225.40.90.22.	Cold work and hot work alloy tool steel plates, soft annealed delivery (<270 BHN"), thickness of 10 to 130 mm and width of more than 800 mm, imported under tariff number 7225.40.90.22.	Cold work and hot work alloy tool steel plates, soft annealed delivery (<270 BHN"), thickness of 10 to 130 mm and width of more than 800 mm, imported under tariff number 7225.40.90.22.
300.26 j	Usinor Industeel (Groupe Arcelor)	Plates for injection moulds: Alloy steel plates, with high level of hardness (>250 BHN), for plastic injection moulds (as defined by AISI), with chemical properties of W1.2311 and W1.2738 grades (as described in the documents attached), imported under tariff number 7225.40.90.11.	Alloy steel plates, with high level of hardness (>250 BHN), for plastic injection moulds, thickness of 10 to 130 mm and width of more than 800 mm, imported under tariff number 7225.40.90.11.	Alloy steel plates, with high level of hardness (>250 BHN), for plastic injection moulds, thickness of 10 to 130 mm and width of more than 800 mm, imported under tariff number 7225.40.90.11.
300.27	Bombardier Inc. Division Matériel de	Plates for components of subway cars: Hot-rolled carbon and alloy steel plates, imported under tariff numbers	Hot-rolled carbon and alloy steel plates, according to Bombardier's technical specifications SMP 109, SMP 110 and SMP	Hot-rolled carbon and alloy steel plates, according to Bombardier's technical specifications SMP 109, SMP 110 and SMP

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	Transport	7208.51.99.10 or 7208.52.90.10 depending on thicknesses (carbon steel) and 7225.40.90.19 (alloy steel) used in the production of components of subway cars. The plates used by Bombardier must meet special technical specifications (SMP 109, SMP 110 and SMP 113), which require special chemical analyses and mechanical properties, as well as strict tolerances.	113, used in the production of components of subway cars, imported under tariff numbers 7208.51.99.10 or 7208.52.90.10 depending on the thicknesses (carbon steel) and 7225.40.90.19 (alloy steel).	113, used in the production of components of subway cars, imported under tariff numbers 7208.51.99.10 or 7208.52.90.10 depending on the thicknesses (carbon steel) and 7225.40.90.19 (alloy steel). (See Exhibit No. GC-2001-001-300.23 c and 300.23 d)
300.28 a	Au Dragon Forgé, Inc.	HTS 7208.51.99 <Flat-rolled iron or alloy steel plates, width of 600 mm and more, thickness exceeding 10 mm> ASTM 572 – 50 grade, thickness of 3.5 in. and more.	Exclusion of other discrete plates, ASTM 572 standard –50 grade, thickness of 3.5 in. and more.	Discrete plate ASTM 572-grade 50, 3.5 in. thick and over, imported under tariff number 7208.51.99.
300.29 a	Bohler-Uddeholm Limited	ORVAR SUPREME: - is a Premium H13 approved acc to the NADCA - as well as the FORD - (AMTD-DC2010) and GM Powertrain Group (DC-9999-1) specs. The chemical composition is: C = 0.37 - 0.41; Si = 0.90 - 1.10; Mn = 0.40 - 0.50; Cr = 5.00 - 5.30; Mo = 1.35 - 1.50; V = 0.90 -1.00; P = max 0.010 and S = max 0.0010%. For fulfilling the different specs the material is produced by vacuum degassing, ESR, special forging and heat treatment procedures and also at the end tested and certified. ORVAR SUPREME has a very good resistance to heat checking and thermal chock, good high temperature strength, excellent toughness and ductility in all directions, very good hardenability, good dimensional stability during hardening and good machinability and polishability. HS#: 7228.40.90.22 7226.91.90.40	Premium H-13 Hot Work Tool Steel Plate (ORVAR SUPREME)	Premium H-13 hot work tool steel plate known as "ORVAR SUPREME", or equivalent, with the following chemical composition: C = 0.37 - 0.41; Si = 0.90 - 1.10; Mn = 0.40 - 0.50; Cr = 5.00 - 5.30; Mo = 1.35 - 1.50; V = 0.90 -1.00; P = max 0.010 and S = max 0.0010%, imported under H.S. Codes 7228.40.90.22 and 7226.91.90.40.

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300.29 b	Bohler-Uddeholm Limited	HIGH SPEED STEEL in the form of Hot-rolled Bars (Grades AISI M2, AISI M7 and AISI M42). These products are used in applications that require a high speed cutting, sawing, drilling and similar applications that require durability and wear resistance. There are no known domestic producers of High Speed Steel. Typical Compositions: M2: C 0.85-1.0 Cr 4.1 Mo 5.0 V 1.8 W 6.4 M7: C 1.0 Cr 3.75 Mo 8.5 V 2.0 W 1.8 M42: C 1.1 Cr 3.9 Mo 9.2 V 1.2 W 1.4 Co 8.0 HS#: 7226.20.00.92	High Speed Steel Plate	High speed steel plate of grades AISI M2, AISI M7 and AISI M42, imported under H.S. Code 7226.20.00.92.
300.29 c	Bohler-Uddeholm Limited	VANADIS 23 is a high alloyed powder metallurgical high speed steel characterized by an excellent combination of wear resistance and chipping / cracking resistance. The nominal chemical composition (weight %) is : C= 1,28, Si= 0,5, Mn= 0,3, Cr= 4,28, Mo= 5,0, W= 6,4, V= 3,1. Delivery condition: Soft annealed with hardness Max. 260 HB. Max. hardness level at hardened and tempered condition: 66 HRC. HS#: 7226.20.00.92	VANADIS 23 Plate	Tool steel known as "VANADIS 23" plate, or equivalent, imported under H.S. Code 7226.20.00.92.
300.29 d	Bohler-Uddeholm Limited	VANADIS 30 is a high alloyed powder metallurgical high speed steel characterized by an excellent combination of wear resistance and chipping / cracking resistance. The nominal chemical	VANADIS 30 Plate	Tool steel known as "VANADIS 30" plate, or equivalent, imported under H.S. Code 7226.20.00.92.

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		composition (weight %) is : C=1,28, Cr= 4,2, Mo= 5,0, W= 6,4, V= 3,1 . Delivery condition: Soft annealed with hardness Max. 300 HB. HS#: 7226.20.00.92		
300.29 e	Böhler Bleche GmbH	HTS Number: 7225200092 High Speed Steels plates, thickness greater than 4,75 mm and width greater than 600 mm. Böhler grades / AISI standards: S600 / M2, S690 / M4, S393PM / T15, S790 PM/ -, S600 / M42 These plates are produced by using the cross rolling technology which leads to superior flatness, closest tolerances and quasi isotropic mechanical and physical properties.	High Speed Steels plates thickness greater than 4,75 mm and width greater than 600 mm. Böhler grades / AISI standards: S600 / M2, S690 / M4, S393PM / T15, S790 PM/ -, S600 / M42	High speed steel plate, of a thickness exceeding 4.75 mm and a width exceeding 600 mm, produced to Böhler grades / AISI standards: S600 / M2, S690 / M4, S393PM / T15, S790 PM/ -, S600 / M42, or equivalent, imported under H.S. Code 7225.20.00.92.
300.29 f	Böhler Bleche GmbH	HTS Number: 7225409022 Tool Steel plates with thickness greater than 4,75 mm and width greater than 600 mm. Böhler grades / AISI standards: K294PM / A11, K110 / D2, K329 / A8 mod., K127 / D4, K305 / A2, K320 / S7, K324 /-, K337 / A6, K340 / -, K346 / - , K460 / O1 These plates are produced by using the cross-rolling technology which leads to superior flatness, closest tolerances and quasi isotropic mechanical and physical properties.	Tool Steel plates with thickness greater than 4,75 mm and width greater than 600 mm. Böhler grades / AISI standards: K294PM / A11, K110 / D2, K329 / A8 mod., K127 / D4, K305 / A2, K320 / S7, K324 /-, K337 / A6, K340 / -, K346 / - , K460 / O1	Tool steel plate, of a thickness exceeding 4.75 mm and a width exceeding 600 mm, produced to Böhler grades / AISI standards: K294PM / A11, K110 / D2, K329 / A8 mod., K127 / D4, K305 / A2, K320 / S7, K324 /-, K337 / A6, K340 / -, K346 / - , K460 / O1, or equivalent, imported under H.S. Code 7225.40.90.22.
300.29 g	Böhler Bleche GmbH	HTS Number: 7226200092 High Speed Steel plates thickness greater than 4,75 mm and width less than 600 mm.	High Speed Steel plates thickness greater than 4,75 mm and width less than 600 mm. Böhler grades / AISI standards:	High speed steel plate, of a thickness greater than 4.75 mm and a width smaller than 600 mm, produced to Böhler grades / AISI

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		Böhler grades / AISI standards: S600 / M2, S690 / M4, S393PM / T15, S790 PM/ -, S600 / M42 These plates are produced by using the cross rolling technology which leads to superior flatness, closest tolerances and quasi isotropic mechanical and physical properties.	S600 / M2, S690 / M4, S393PM / T15, S790 PM/ -, S600 / M42	standards: S600 / M2, S690 / M4, S393PM / T15, S790 PM/ -, S600 / M42, or equivalent, imported under H.S. Code 7226.20.00.92.
300.29 h	Böhler Bleche GmbH	HTS Number: 7226919040 Tool Steel plates with thickness greater than 4,75 mm up to 38,10 mm (1 1/2") and width less than 600 mm. Böhler grades / AISI standards: K294PM / A11, K110 / D2, K329 / A8 mod., K127 / D4, K305 / A2, K320 / S7, K324 /-, K337 / A6, K340 / -, K346 / - , K460 / O1 These plates are produced by using the cross rolling technology which leads to superior flatness, closest tolerances and quasi isotropic mechanical and physical properties.	Tool Steel plates with thickness greater than 4,75 mm up to 38,10 mm (1 1/2") and width less than 600 mm. Böhler grades / AISI standards: K294PM / A11, K110 / D2, K329 / A8 mod., K127 / D4, K305 / A2, K320 / S7, K324 /-, K337 / A6, K340 / -, K346 / - , K460 / O1	Tool steel plate, of a thickness exceeding 4.75 mm but not exceeding 38.10 mm (1 ½ in.), a width smaller than 600 mm, produced to Böhler grades / AISI standards: K294PM / A11, K110 / D2, K329 / A8 mod., K127 / D4, K305 / A2, K320 / S7, K324 /-, K337 / A6, K340 / -, K346 / - , K460 / O1, or equivalent, imported under H.S. Code 7226.91.90.40.
300.29 i	Böhler Bleche GmbH	HTS Number: 7226919040 Tool Steel plates with thickness 38,01 mm (1 1/2") and greater and width less than 600 mm. Böhler grades / AISI standards: K294PM / A11, K110 / D2, K329 / A8 mod., K127 / D4, K305 / A2, K320 / S7, K324 /-, K337 / A6, K340 / -, K346 / - , K460 / -O1 These plates are produced by using the cross rolling technology which leads to superior	Tool Steel plates with thickness 38,01 mm (1 1/2") and greater and width less than 600 mm. Böhler grades / AISI standards: K294PM / A11, K110 / D2, K329 / A8 mod., K127 / D4, K305 / A2, K320 / S7, K324 /-, K337 / A6, K340 / -, K346 / - , K460 / -O1	Tool steel plate, of a thickness of at least 38.10 mm (1-1/2 in.), a width smaller than 600 mm, produced to Böhler grades / AISI standards: K294PM / A11, K110 / D2, K329 / A8 mod., K127 / D4, K305 / A2, K320 / S7, K324 /-, K337 / A6, K340 / -, K346 / - , K460 / -O1, or equivalent, imported under H.S. Code 7226.91.90.40.

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		flatness, closest tolerances and quasi isotropic mechanical and physical properties.		
300.29 j	Bohler-Uddeholm Limited	VANADIS 6 is a high alloyed powder metallurgical tool steel characterized by an excellent combination of wear resistance and chipping / cracking resistance. The nominal chemical composition (weight %) is : C= 2,07, Si= 1,0, Mn= 0,4, Cr= 6,8, Mo= 1,5, V= 5,35. Delivery condition: Soft annealed with hardness Max. 280 HB. Max. hardness level at hardened and tempered condition: 65 HRC HS#: 7226.20.00.92	VANADIS 6 Plate	Tool steel known as "VANADIS 6" plate, or equivalent, imported under H.S. Code 7226.20.00.92.
300.29 k	Bohler-Uddeholm Limited	VANADIS 60 is a high alloyed powder metallurgical tool steel characterized by an excellent combination of wear resistance and chipping / cracking resistance. The nominal chemical composition (weight %) is : C= 2,3, Cr= 4,2, Mo= 7,0, V= 6.5 W 6.5 Co 10.6. Delivery condition: Soft annealed with hardness Max. 340 HB. HS#: 7226.20.00.92	VANADIS 60 Plate	Tool steel known as "VANADIS 60" plate, or equivalent, imported under H.S. Code 7226.20.00.92.
300.29 l	Thyssen Marathon Canada	Thyrotherm 2581 (AISI H-21), Hot-rolled or Forged, Annealed, Straightened HB 200-250, Tariff # 7228.30.90, 7228.40.10	Thyrotherm 2581 (AISI H-21), Hot-rolled or Forged, Annealed, Straightened HB 200-250, Tariff # 7228.30.90, 7228.40.10	Thyrotherm 2581 (AISI H-21), or equivalent, hot-rolled or forged, annealed, straightened, HB 200-250, imported under H.S. Nos. 7228.30.90 and 7228.40.10.
300.29 m	Thyssen Marathon Canada	Thyroplast 2312, P20+S, Hot-rolled or Forged, Hardened & Tempered, HB 280-325 Tariff # 7228.30.90, 7228.40.20, 7225.40.20	Thyroplast 2312, P20+S, Hot-rolled or Forged, Hardened & Tempered, HB 280-325 Tariff # 7228.30.90, 7228.40.20, 7225.40.20	Thyroplast 2312, P20+S, or equivalent, hot-rolled or forged, hardened and tempered, HB 280-325, imported under H.S. Nos. 7228.30.90, 7228.40.20 and 7225.40.20.

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300.29 n	Thyssen Marathon Canada	Thyrotherm E38K AISI H11 MOD, Rolled or Forged, Annealed, Straightened, Machined Tariff # 7228.30.90, 7228.40.20, 7225.40.20 Duty exempt special Tariff Code # 9959	Thyrotherm E38K AISI H11 MOD, Rolled or Forged, Annealed, Straightened, Machined Tariff # 7228.30.90, 7228.40.20, 7225.40.20 Duty exempt special Tariff Code # 9959	Thyrotherm E38K, AISI H11 MOD, or equivalent, rolled or forged, annealed, straightened, machined, imported under H.S. Nos. 7228.30.90, 7228.40.20 and 7225.40.20.
300.29 o	Thyssen Marathon Canada	Thyrotherm 2367 AISI H11 MOD, Rolled or Forged, Annealed, Straightened, Machined Tariff # 7228.30.90, 7228.40.20, 7225.40.20 Duty exempt special Tariff Code # 9959	Thyrotherm 2367 AISI H11 MOD, Rolled or Forged, Annealed, Straightened, Machined Tariff # 7228.30.90, 7228.40.20, 7225.40.20 Duty exempt special Tariff Code	Thyrotherm 2367, AISI H11 MOD, or equivalent, rolled or forged, annealed, straightened, machined, imported under H.S. Nos. 7228.30.90, 7228.40.20 and 7225.40.20.
300.29 p	Thyssen Marathon Canada	Thyroplast 2738, P-20+Ni, Hot-rolled or Forged, Hardened & Tempered, Straightened, HB 280-325 Tariff # 7228.30, 7225.40.20, 7228.40.10	Thyroplast 2738, P-20+Ni, Hot-rolled or Forged, Hardened & Tempered, Straightened, HB 280-325 Tariff # 7228.30, 7225.40.20, 7228.40.10	Thyroplast 2738, P-20+Ni, or equivalent, hot-rolled or forged, hardened and tempered, straightened, HB 280-325, imported under H.S. Heading No. 7228.30 and Nos. 7225.40.20 and 7228.40.10.
300.29 q	Thyssen Marathon Canada	Thyrodur 2379, AISI D-2, Hot-rolled, Annealed, Straightened, Machined, All plates under 1-1/2" thick, Tariff # 7228.50.90, 7225.40.20	Thyrodur 2379, AISI D-2, Hot-rolled, Annealed, Straightened, Machined, All plates under 1-1/2" thick, Tariff # 7228.50.90, 7225.40.20	Thyrodur 2379, AISI D-2, or equivalent, hot-rolled, annealed, straightened, machined, all plates of a thickness of less than 1-1/2 in., imported under H.S. Nos. 7228.50.90 and 7225.40.20.
300.29 r	Thyssen Marathon Canada	Thyrodur 2510, AISI O1, Hot-rolled Plate, Annealed, Straightened, All plates under 1-1/2" thick, Tariff # 7228.30.90, 7225.40.20	Thyrodur 2510, AISI O1, Hot-rolled Plate, Annealed, Straightened, All plates under 1-1/2" thick, Tariff # 7228.30.90, 7225.40.20	Thyrodur 2510, AISI O1, or equivalent, hot-rolled plate, annealed, straightened, all plate of a thickness of less than 1-1/2 in., imported under H.S. Nos. 7228.30.90 and 7225.40.20.
300.29 s	Thyssen Marathon Canada	Thyrodur 2363, AISI A-2, Hot-rolled Plate, Annealed, Straightened, All plates under 1-1/2" thick, Tariff # 7228.30.90, 7225.40.20	Thyrodur 2363, AISI A-2, Hot-rolled Plate, Annealed, Straightened, All plates under 1-1/2" thick, Tariff # 7228.30.90, 7225.40.20	Thyrodur 2363, AISI A-2, or equivalent, hot-rolled plate, annealed, straightened, all plate of a thickness of less than 1-1/2 in., imported under H.S. Nos. 7228.30.90 and 7225.40.20.

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300.29 t	Thyssen Marathon Canada	Thyrodur 2324, AISI S-7, Rolled, Annealed, Straightened, All plates under 1-1/2" thick, Tariff # 7228.30.90, 7225.40.20	Thyrodur 2324, AISI S-7, Rolled, Annealed, Straightened, All plates under 1-1/2" thick, Tariff # 7228.30.90, 7225.40.20	Thyrodur 2324, AISI S-7, or equivalent, rolled, annealed, straightened, all plate of a thickness of less than 1-1/2 in., imported under H.S. Nos. 7228.30.90 and 7225.40.20.
300.29 u	Thyssen Marathon Canada	Thyrotherm 2344 ESR SUPRA, (AISI H-13 ESR), Remelted, Rolled or Forged, Normalized & Annealed, Straightened, Mechanically Descaled Tariff # 7228.30.90, 7228.40.20, 7225.40.20 Duty exempt special Tariff Code # 9959	Thyrotherm 2344 ESR SUPRA, (AISI H-13 ESR), Remelted, Rolled or Forged, Normalized & Annealed, Straightened, Mechanically Descaled Tariff # 7228.30.90, 7228.40.20, 7225.40.20 Duty exempt special Tariff Code # 9959	Thyrotherm 2344 ESR SUPRA (AISI H-13 ESR), or equivalent, remelted, rolled or forged, normalized and annealed, straightened, mechanically descaled, imported under H.S. Nos. 7228.30.90, 7228.40.20 and 7225.40.20.
300.29 v	Thyssen Marathon Canada	Thyroderm 2714, AISI6F3, Hot-rolled or Forged, Hardened & Tempered, Straightened, HB 355-400, 25mm to 520 mm thick plates and forged blocks, Tariff # 7228.30.90, 7228.40.10, 7225.40.20	Thyroderm 2714, AISI6F3, Hot-rolled or Forged, Hardened & Tempered, Straightened, HB 355-400, 25mm to 520 mm thick plates and forged blocks, Tariff # 7228.30.90, 7228.40.10, 7225.40.20	Thyroderm 2714, AISI6F3, or equivalent, hot-rolled or forged, hardened and tempered, straightened, HB 355-400, plate and forged blocks of a thickness of between 25 mm and 520 mm, imported under H.S. Nos. 7228.30.90, 7228.40.10 and 7225.40.20.
300.29 w	Thyssen Marathon Canada	Thyroderm 2344 EFS, (AISI H-13), Hot-rolled, Normalized & Annealed, Straightened, Plates under 1-1/2" in thickness Tariff # 7225.40.20, 7228.30.20	Thyroderm 2344 EFS, (AISI H-13), Hot-rolled, Normalized & Annealed, Straightened, Plates under 1-1/2" in thickness Tariff # 7225.40.20, 7228.30.20	Thyroderm 2344 EFS (AISI H-13), or equivalent, hot-rolled, normalized and annealed, straightened, plate of a thickness of less than 1-1/2 in., imported under H.S. Nos. 7225.40.20 and 7228.30.20.
300.31 a	Corus America Inc.	Offshore grades of carbon and alloy steel plate to include modified 355 and 450 grade steels from BS EN 7191, and designations such as G7, G8, G9, and G10 within the EN 10225 specification having typical chemistries such as; G7/G8 Chemistry will be typically 0.1% Carbon, 1.5% Manganese, 0.03% Columbium , 0.15% Nickel and 0.15% Copper.	Hot-rolled steel plates, carbon and alloy, normalized condition, within EN 10225 and BS EN 7191 including modified 355 and 450 grade specifications in thickness from 6mm to 80mm and all plate widths for use in offshore applications.	Hot-rolled steel plate, carbon and alloy, normalized condition, within EN 10225 and BS EN 7191, including modified 355 and 450 grade specifications, or equivalent, of a thickness of between 6 mm and 80 mm, and of all widths, for use in offshore applications.

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		G9/G10 Chemistry would be slightly more alloyed at 0.1% Carbon, 1.5% Manganese, 0.03% Columbium , 0.45% Nickel and 0.15% Copper. Supply condition will be normalised for all grades Typical harmonized tariff codes are: 7208.52.11.00 7208.51.10.00 7225.40.10.30		
300.31 b	Corus America Inc.	High alloy manganese plate with special internal microstructure and chemistry so as to achieve ultra wear resistance, transformational microstructure characteristics and the lifecycle needs of a very select / small consuming market sector. The harmonized tariff code is: 7225.40.30.50	13 percent austenitic manganese plate, not further worked than hot-rolled; containing carbon levels between 0.80 and 0.90 percent, Silicon between 0.10 and 0.45 percent, Manganese between 12.00 and 14.00 percent, Phosphorous of 0.035 maximum, Sulphur of 0.040 percent maximum, Chromium of 0.50 percent maximum, Molybdenum of 0.150 percent maximum, and Nickel of 0.40 percent maximum, with or without other elements.	13 percent austenitic manganese plate, not further worked than hot-rolled; containing carbon levels between 0.80 and 0.90 percent, silicon between 0.10 and 0.45 percent, manganese between 12.00 and 14.00 percent, phosphorous of 0.035 maximum, sulphur of 0.040 percent maximum, chromium of 0.50 percent maximum, molybdenum of 0.150 percent maximum, and nickel of 0.40 percent maximum, with or without other elements. (see Exhibit No. GC-2001-001-300.03)
		Cold-rolled Sheet and Coil		
320.01 a	BCL Magnetics	Cold-rolled, Non-Oriented Silicon Electrical Steel, in gauges from .0140" to .0500". Tariff numbers 7225.19 and 7226.19.	Flat-rolled products of other alloy steel, of a width of 1270mm or less, cold-rolled, in coil form, of a thickness exceeding .30mm but less than 1.30mm, of non-oriented silicon electrical steel.	Cold-rolled coil of other alloy steel[1] of the following description: Non-Oriented Silicon Electrical Steel, of a width of 1270mm or less, of a thickness exceeding .30mm but less than 1.30mm.
320.01 b	BCL Magnetics	Cold-rolled, Motor Lamination Steel, in gauges from .0140" to .0500". Tariff numbers 7209.16, 7209.17 ,7209.18 and 7211.23.	Flat-rolled products of iron or non-alloy steel, of a width of 1270mm or less, cold-rolled, in coil form, of a thickness exceeding .30mm but less than 1.30mm, of Cold-rolled Motor Lamination steel, having a maximum core loss of 9.00 W/kg/mm,	Cold-rolled coil of iron or non-alloy steel, of the following description: Motor lamination steel of a width of 1270mm or less, of a thickness exceeding .30mm but less than 1.30mm, having a maximum core loss of 9.54 W/kg/mm,

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			measured at a frequency of 60 Hz and an induction of 1.5T to specification ASTM A34 or A343, for use in the manufacture of magnetic core laminations. Amended July 8, 2002 to read: Of motor lamination steel, having a maximum core loss of 9.54 W/kg/mm, measured at a frequency of 60 Hz and an induction of 1.5 T to specification ASTM A34 or A343, for use in the manufacture of magnetic core laminations. Tariff items 7209.17.10 and 7209.18.10.	measured at a frequency of 60 Hz and an induction of 1.5T to specification ASTM A34 or A343, for use in the manufacture of magnetic core laminations usually imported in Canada using H.S. Code 7209.17.10 and 7209.18.10.
320.02 a	Samuel, Son & Co., Limited	Flat rolled products of iron or non-alloy steel, of a width of less than 600 mm, not clad, plated or coated. Not further worked than cold-rolled (cold-reduced). Containing by weight more than 0.25% of carbon. Thickness: 2.540 mm or more Widths: 600 mm & less Tariff: 7211.299000	Cold-rolled carbon steel, SAE1070 to specification ASTM A568, matte or bright finish, oiled, coils Dimensions: Thickness: .100" and heavier Widths: 23.6" and less	Cold-rolled coil of the following description: Carbon steel, SAE1070 to specification ASTM A568, matte or bright finish, oiled. Dimensions: Thickness: .100" and heavier Widths: 23.6" and less
320.02 b	Samuel, Son & Co., Limited	Flat rolled products of iron or non-alloy steel, of a width of less than 600 mm, not clad, plated or coated. not further worked than cold-rolled (cold-reduced). Containing by weight more than 0.25% of carbon Thickness: 3.43 mm or more Widths: 600 mm & less Tariff: 7211.299000	Cold-rolled carbon steel, SAE1050 to SAE 1065 to specification ASTM A568, matte or bright finish, oiled, coils Dimensions: Thickness: .135" and heavier Widths: 23.6" and less	Cold-rolled coil of the following description: Carbon steel, SAE1050 to SAE 1065 to specification ASTM A568, matte or bright finish, oiled. Dimensions: Thickness: .135" and heavier Widths: 23.6" and less
320.04 b	United States Steel International	Cold-rolled carbon Ford WSB-MIA 250-B1 05-JUL-1991 approved DS type regular matte finish C.08 max Mn 0.50, max P.020 max S.025 max side trim last exposed	Cold-rolled carbon Ford WSB-MIA 250-B1 05-JUL-1991 approved DS type regular matte finish C.08 max Mn 0.50, max P.020 max S.025 max side trim last exposed	Cold-rolled sheet and coil of the following description: Approved DS type regular matte finish, chemical composition C.08 max Mn 0.50,

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		Gauge range - .381 mm - 3.34 mm min Width range – 686 mm – 1829 mm min H.S. Classification – 7210.30	Gauge range - .381 mm - 3.34 mm min Width range – 686 mm – 1829 mm min H.S. Classification – 7210.30	max P.020 max S.025 max side trim last exposed Gauge range - .381 mm - 3.34 mm min Width range – 686 mm – 1829 mm min known as Ford WSB-MIA 250-B1 05-JUL-1991.
320.04 d	United States Steel International	Cold-rolled sheet carbon HES CO52 GR JSC 440W oil Gauge range - .381 mm - 3.34 mm min Width range – 686 mm – 1829 mm min H.S. Classification – 7209.16.99.10	Cold-rolled sheet carbon HES CO52 GR JSC 440W oil Gauge range - .381 mm - 3.34 mm min Width range – 686 mm – 1829 mm min H.S. Classification – 7209.16.99.10	Cold-rolled sheet and coil of the following description: HES CO52 GR JSC 440W oil Gauge range - .381 mm - 3.34 mm min Width range – 686 mm – 1829 mm min, usually imported under H.S. Code 7209.16.99.10
320.04 e	United States Steel International	Cold-rolled carbon GMC GM6409M Rev B GR3 specified finish surface roughness 15.135. C.08 max Mn .50 max S.020 max AL.02 min critical exposed quaker 61 AUS oil Size .0710" x 54.25" x coil H.S. Tariff Classification – 7209.16	Cold-rolled carbon GMC GM6409M Rev B GR3 specified finish surface roughness 15.135. C.08 max Mn .50 max S.020 max AL.02 min critical exposed quaker 61 AUS oil Size .0710" x 54.25" x coil H.S. Tariff Classification – 7209.16	Cold-rolled sheet and coil of the following description: GR 3 specified finish surface roughness 15.135. Chemical composition: C.08 max Mn .50 max S.020 max AL.02 min critical exposed quaker 61 AUS oil, known as GMC GM6409M Rev B. Size (.0710" + 0.004) x 54.25" x coil See Tribunal Exhibit No. GC-2001-001-320.35 c.
320.05 a	Ispat Inland Inc.	I/N TEK Nickel Flash Coated Cold-rolled Sheet Steel in Coils. I/N TEK Cold-rolled steel has a nickel flash coating (6,12 and 20 mg/square meter) on the surface of its cold-rolled product by electrodisposition. Typical end usage are automotive and appliance applications HS Code: 7210.90.00.21, 7210.90.00.12	I/N TEK Nickel Flash Coated Cold-rolled Sheet in Coils as Produced by Ispat Inland Inc.	Cold-rolled sheet in coils with a nickel flash coating (6,12 and 20 mg/square meter) on the surface produced by electrodisposition known as "I/N TEK NICKEL FLASH COATED", or equivalent.

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320.05 c	Ispat Inland Inc.	Cold-rolled Martinsite Sheet Steel in Coils is an ultra high strength, produced on a CAL Line facility, and which demonstrates a high strength to weight ratio offering significant weight reduction potential. Cold-rolled MartInsite Sheet Steel is suitable for roll-forming parts that require high strength for critical safety applications. Minimum tensile strength and/or minimum yield strength is guaranteed within Cold-rolled MartInsite Sheet Steel in Coils. MartInsite is available in several tensile strength levels such as 130,000 psi, 160,000 psi, 190,000 psi and 220,00 psi. HS Code - 7209	Cold-rolled MartInsite Sheet Steel in Coils.	Cold-rolled steel sheet in coils with minimum tensile strength levels of 130,000 psi, 160,000 psi, 190,000 psi and 220,00 psi. known as "MartInsite ", or equivalent.
320.05 d	Ispat Inland Inc.	Cold-rolled CAL DI-FORM is an ultra high strength, dual phase steel, produced on a Continuous Annealing Line (CAL Line) and which demonstrates a high strength to weight ratio offering significant weight reduction potential. Cold-rolled CAL DI-FORM Sheet Minimum tensile strength and/or minimum yield strength is guaranteed. HS Code - 7209	Cold-rolled CAL DI-FORM Sheet Steel in Coils.	Cold-rolled sheet steel in coil, known as "CAL DI-FORM", or equivalent.
320.05 e	Ispat Inland Inc.	High Strength Cold-rolled with tensile strengths over 550 MPa produced on a water quenched continuous anneal line.	Ultra High Strength Cold-rolled	High strength cold-rolled sheet and coil with a minimum tensile strength of 550 MPa.
320.05 f	Ispat Inland Inc.	High Strength Cold-rolled with a minimum tensile strength of 440 MPa produced on continuous anneal line.	Advanced High Strength Cold-rolled	Cold-rolled sheet and coil with a minimum tensile strength of 440 MPa.

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320.05 h	Ispat Inland Inc.	Bake Hardenable Cold-rolled with minimum Yield Strengths of 180, 210, 220, 250, 260, 280 & 300 MPa which increase in Yield strength after strain and paint baking.	Bake Hardenable Cold-rolled.	Bake hardenable cold-rolled sheet and coil with minimum yield strengths of 180, 210, 220, 250, 260, 280 & 300 MPa.
320.06	Kawasaki Steel Corporation	Cold-rolled non-oriented silicon electrical steel (NOES) sheet in coil. Harmonized Tariff Number: 7225.19.00.10. Alloy steels containing, with or without other elements, at least 0.6 percent but not more than 6 percent of silicon and not more than 0.08 percent of carbon.	Cold-rolled non-oriented silicon electrical steel sheet in coil.	Cold-rolled non-oriented silicon electrical steel sheet in coil of the following description: Alloy steels containing, with or without other elements, at least 0.6 percent but not more than 6 percent of silicon and not more than 0.08 percent of carbon.
320.07	Sumitomo Canada Limited	Non-oriented electrical steel (silicon-electrical steel) Tariffs 7225190010, and 7226190010	Non-oriented electrical steel and /or silicon-electrical steel	Non-oriented electrical steel and /or silicon-electrical steel.
320.08	Marubeni-Itochu Steel Canada Inc.	Harmonized Tariff Numbers: 7225.19.00.10, 7225.19.00.90, 7226.19.00.10 and 7226.19.00.90		Non-oriented electrical steel and /or silicon-electrical steel.
320.09 a	Cold Metal Products	7226.92.90.19, cold roll alloy steel, OCSOI for further processing.	Cold-rolled alloy steel for further processing	Cold-rolled alloy steel, OCSOI usually imported under H.S. Code 7226.92.90.19.
320.09. b	Cold Metal Products	7209.16.99.10 sae 1050 modified cold roll 1.52 mm x 609 mm for further processing	Cold-rolled high carbon steel for further processing	Cold-rolled high carbon steel of the following description: SAE 1050 modified cold-rolled 1.52 mm x 609 mm Imported under H.S. Code 7209.16.99.10
320.09 c	Cold Metal Products	7211.29.90.00 Cold-rolled steel, sae 1050 modified for further processing	Cold-rolled high carbon steel for further processing.	Cold-rolled high carbon of the following description: SAE 1050 modified, Imported under H.S. Code 7211.29.90.00.
320.10 a	China Steel Corporation	This product is designed to meet more severe formability requirements because the original A963 (DDQ+Ti) is not satisfied.	Ultra-Deep Drawing Steel for High Formability Automobile Parts, (A963 Modified)	Cold-rolled sheet and coil for high formability automobile parts, (A963 Modified) of the following description:

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		This modified product has the following characteristics: Extra low carbon<30ppm, accurate chemical composition, especially with narrow titanium and boron content control of 0.020–0.045% and 2-6ppm respectively. Very good cleanness of steel with total oxygen of less 20ppm in slab. Yield strength – less than 155N/mm^2 Tensile strength – more than 300N/mm^2 Elongation – 48%, N Value – 0.250 R Value – more than 2.0 Ultra high formability – can be drawn to ratio of up to 2.5 High accuracy of thickness – within ± 0.02mm for gauge of less than 1.25mm		Extra low carbon<30ppm, accurate chemical composition, especially with narrow titanium and boron content control of 0.020–0.045% and 2-6ppm respectively. Total oxygen of less 20ppm in slab. Yield strength – less than 155N/mm^2 Tensile strength – more than 300N/mm^2 Elongation – 48%, N Value – 0.250 R Value – more than 2.0 Ultra high formability – can be drawn to ratio of up to 2.5 High accuracy of thickness – within ± 0.02mm for gauge of less than 1.25mm.
320.10 e	China Steel Corporation	1. Process Characteristics a) Steel making with BOF; RH degassing the treatment obtains an accurate chemical composition and good cleanness of steel; in which carbon 0.05-0.07%, MN. 0.55-0.65%, P 0.05-0.07%, N<0.004% by weight respectively, 100% continuous casting with the prevention system of secondary oxidation. Hot rolling with insulation cover and edge heater to have homogeneous temperature distribution in transfer bar. An accurate coiling temperature is necessary to obtain desired microstructure for following process. A high cold-rolled reduction (up to 80%) is then applied; continuous annealed with proper temperature in a non-oxidized atmosphere to obtain good formability, high strength and surface quality.	High tensile strength and high formability steel for automobile parts, designated as SPFC 440 (Modified).	Cold-rolled sheet and coil for automobile parts, designated as SPFC 440 (Modified) of the following description: Chemical composition: carbon 0.05-0.07%, MN. 0.55-0.65%, P 0.05-0.07%, N<0.004% by weight respectively, (100% continuous casting with the prevention system of secondary oxidation.) Typical mechanical properties: Yield stress: 340N/mm^2 tensile strength more than 455N/mm^2, elongation higher than 36%, N value more than 0.20

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		2. Typical mechanical properties: Yield stress: 340N/mm^2, tensile strength more than 455N/mm^2, elongation higher than 36%, N value more than 0.20 3. Quality advantage: high tensile strength and high formability rephosphorused steel have high tensile strength, and good formability for bending or forming process. It is a sound material for automobile structural usage.		
320.11	Nissho Iwai Canada Ltd.	This cold-rolled material has high tensile strength and formability as below: Specially High EL is necessary for this material. This material will be used to Bumper so high strength is necessary and have to to pass crash test of Customer. TS (Tensile Stength) - TS≥590MPa YP (Yield Point) - 440≥YP≥390 EL (Elongation) – EL≥26 Tariff Code - 9959	Cold-rolled Steel Sheet with high tensile strength. TS (Tensile Strength) - TS≥590MPa YP (Yield Point) - 440≥YP≥390 EL (Elongation) – EL≥26TS (Tensile Strength) 1.4mm x 1290 x coil, 1.0 x 1155 x coil	Cold-rolled steel sheet and coil of the following description: TS (Tensile Strength) - TS≥590MPa YP (Yield Point) - 440≥YP≥390 EL (Elongation) – EL≥26TS (Tensile Strength) 1.4mm x 1290 x coil, 1.0 x 1155 x coil
320.12	El-Met-Parts Inc.	Non-oriented electrical steels, low carbon, silicon Iron or silicon aluminium iron alloy Tariff 7225.11/19.00.10/90 7226.11/19.00.10/90	Non-oriented electrical steels	Non-oriented electrical steels, low carbon, silicon iron or silicon aluminium iron alloy
320.18 b	TradeARBED Canada Inc.	Cold-rolled Alloy Steel sheet and coil produced through a continuous annealing process. 7209169910, 7209169920, 7209179910, 7209179920, 7209189910, 7209189920.	High-strength low alloy steel with improved formability (HSLAS-F GRADES 55,60,70 and 80.	Cold-rolled alloy sheet and coil of the following description: HSLAS-F Grades 55, 60, 70 and 80.
320.19 a	Thyssen Canada	Cold-rolled carbon steel sheet HTS #9959, applicable for products and end use	Cold-rolled carbon steel sheet HTS #9959, applicable for products and end use	Cold-rolled carbon steel sheet and coil of the following description:

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	Ltd.	"automotive", plus HTS #721123900 (for quality Z-STE-300 & 340-RP) Z-STE-300 : 4-5.5mm/thickness x225-650mm/width x coil) and Z-STE-340 : same. Z-STE-300 and 340-RP are micro-alloy grades of cold-rolled steel, which are covered by the following standards: - SEW093(Germany)=Stahl-Eisen-Werkstoffblatt and EN10268 (Europe) Chemistry: C .06-.09% SI .06% max MN .65-.80% P .02% max S .005 max CR .15% max NI .15% max and Nb .035-.05%	"automotive", plus HTS #721123900 (for quality A-STE-300 & 340-RP) Z-STE-300: 4-5.5mm/thickness x225-650mm/width x coil) and Z-STE-340 : same. Z-STE-300 and 340-RP are micro-alloy grades of cold-rolled steel, which are covered by the following standards: - SEW093(Germany)=Stahl-Eisen-Werkstoffblatt and EN10268 (Europe) Chemistry: C .06-.09% SI .06% max MN.65-.80% P.02% max S.005% max CR.15% max NI.15% max and Nb.035-.05%	of iron or non-alloy steel, of a width of less than 600mm, not clad, plated or coated, containing by weight less than 0.25% of carbon, for quality Z-STE-300 & 340-RP, or equivalent. Z-STE-300: 4-5.5mm/thickness x225-650mm/width x coil and Z-STE-340 RP: 4-5.5mm/thickness x225-650mm/width x coil. Z-STE-300 and 340-RP are covered by the following standards: - SEW093(Germany)=Stahl-Eisen-Werkstoffblatt and EN10268 (Europe) Chemistry: C .06-.09% SI .06% max MN.65-.80% P.02% max S.005% max CR.15% max NI.15% max and Nb.035-.05%
320.19 b	Thyssen Canada Ltd.	Cold-rolled carbon steel sheet, #7226929029 (for quality Z-STE-650 and 900-RP) Z-STE-900: 4-5.25mm/thickness x 225-600mm/width x coil. Chemistry: C .07-.09%, SI .015% max, MN 1.65-2.00%, P .02% max, S .005% max, AL .02-.04% max, NI .15% max and Nb .05-.06% plus a combination of Vanadium, Titanium and Boron.	Cold-rolled carbon steel sheet, #7226929029 (for quality Z-STE-650 and 900-RP) Z-STE-900: 4-5.25mm/thickness x 225-600mm/width x coil. Chemistry: C .07-.09%, SI .015% max, MN 1.65-2.00%, P .02% max, S .005% max, AL .02-.04% max, NI .15% max and Nb .05-.06% plus a combination of Vanadium, Titanium and Boron.	Cold-rolled carbon steel sheet and coil, for quality Z-STE-650 and 900-RP, or equivalent. Z-STE-900: 4-5.25mm/thickness x 225-600mm/width x coil. Chemistry: C .07-.09%, SI .015% max, MN 1.65-2.00%, P .02% max, S .005% max, AL .02-.04% max, NI .15% max and Nb .05-.06% plus a combination of Vanadium, Titanium and Boron.
320.19 c	Thyssen Canada Ltd.	Cold-rolled dual phase steel with dispersed mainly ferrite matrix martensitic islands. HS 7225509029 and 7225509019. Characterised by either (i) tensile strength over 500 MPa and an elongation percentage over 25% for thicknesses up to 1.5mm, or	Cold-rolled dual phase steel with dispersed mainly ferrite matrix martensitic islands. HS 7225509029 and 7225509019. Characterised by either (i) tensile strength over 500 MPa and an elongation percentage over 25% for thicknesses up to 1.5mm, or	Cold-rolled sheet and coil of the following description: Cold-rolled dual phase steel with dispersed mainly ferrite matrix martensitic islands. Characterised by either (i) tensile strength over 500 MPa and an elongation percentage

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		(ii) by a tensile strength over 600 MPa and an elongation percentage over 18% for thicknesses up to 2.0 mm.	(ii) by a tensile strength over 600 MPa and an elongation percentage over 18% for thicknesses up to 2.0 mm.	over 25% for thicknesses up to 1.5mm, or (ii) by a tensile strength over 600 MPa and an elongation percentage over 18% for thicknesses up to 2.0 mm.
320.19 d	Thyssen Canada Ltd.	Cold-rolled strip steel with mainly ferritic-bainitic matrix with dispersed residual austenite islands. HS 7209169110, 7209169120, 7209169130, 7209179110, 7209179120, 7209179130, 7209189110, 7209189120, 7209189130, 7225501000, 7225509029 and 7225509019. Characterised by either (i) tensile strength over 600 MPa and an elongation percentage over 26% for thicknesses up to 1.5mm, or (ii) with a tensile strength over 700 Mpa and an elongation percentage over 24% for thicknesses up to 2.0 mm, or (iii) with a tensile strength over 800 Mpa and an elongation percentage over 22% for thickness up to 1.5mm.	Cold-rolled strip steel with mainly ferritic-bainitic matrix with dispersed residual austenite islands. HS 7209169110, 7209169120, 7209169130, 7209179110, 7209179120, 7209179130, 7209189110, 7209189120, 7209189130, 7225501000, 7225509029 and 7225509019. Characterized by either (i) tensile strength over 600 Mpa and an elongation percentage over 26% for thicknesses up to 1.5mm, or (ii) with a tensile strength over 700 Mpa and an elongation percentage over 24% for thicknesses up to 2.0 mm, or (iii) with a tensile strength over 800 Mpa and an elongation percentage over 22% for thickness up to 1.5mm.	Cold-rolled sheet and coil of the following description: Cold-rolled strip steel with mainly ferritic-bainitic matrix with dispersed residual austenite islands.. Characterized by either (i) tensile strength over 600 Mpa and an elongation percentage over 26% for thicknesses up to 1.5mm, or (ii) with a tensile strength over 700 Mpa and an elongation percentage over 24% for thicknesses up to 2.0 mm, or (iii) with a tensile strength over 800 Mpa and an elongation percentage over 22% for thickness up to 1.5mm.
320.20	ThyssenKrupp AST USA, Inc.	Non-Grain Oriented Silicon Electrical Steel in coil 7225190010 and 7226190010	Non-Grain Oriented Silicon Electrical Steel in coil	Non-grain oriented silicon electrical steel in coil
320.21	ThyssenKrupp Electrical Steel AST S.p.A.	The products, for which an exclusion is being requested, are certain cold-rolled silicon electrical steels, which are normally named Non Grain-Oriented Electrical Sheets (NOES). The relevant HS-Numbers are: 7225 1900 10, 7226 1900 10, 7226 1900 90. NOES are very sophisticated cold-rolled special sheets, which are used for electrical applications (motors, small	Non Grain-Oriented Electrical Sheets, or shortly NOES.	Non grain-oriented electrical sheets.

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		transformers, generators). NOES is produced in a highly sophisticated metallurgical process characterised by steel making, continuous casting, hot rolling, pickling, cold rolling, final annealing and coating. NOES derives its unique magnetic properties especially from its high silicon content and from its specialised annealing and rolling processes. NOES differs profoundly and fundamentally from all other flat rolled steel products. There is world wide a limited number of producers and end-users.		
320.22	ThyssenKrupp Electrical Steel GmbH	The products, for which an exclusion is being requested, are certain cold-rolled silicon electrical steels, which are normally named Non Grain-Oriented Electrical Sheets (NOES). The relevant HS-Numbers are: 7225 1900 10, 7226 1900 10, 7226 1900 90. NOES are very sophisticated cold-rolled special sheets, which are used for electrical applications (motors, small transformers, generators). NOES is produced in a highly sophisticated metallurgical process characterised by steel making, continuous casting, hot rolling, pickling, cold rolling, final annealing and coating. NOES derives its unique magnetic properties especially from its high silicon content and from its specialised annealing and rolling processes. NOES differs profoundly and fundamentally from all other flat rolled steel products. There is	Non Grain-Oriented Electrical Sheets, or shortly NOES.	Non grain-oriented electrical sheets.

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		world wide a limited number of producers and end-users.		
320.23 a	Sandvik Steel Canada	Technical description of cement kiln steel Grade 13 C hardened and tempered high carbon cold-rolled strip steel with a thickness ranging from 0.4 mm (0.157 inches) to 1.4 mm (0551 inches), and a width ranging from 250 mm (9,8425 inches) to 1200 (47,2440 inches), thickness tolerance of T1, width tolerance of B1, flatness tolerance of 0.40% of nominal strip width, tensile strength of 1200 N/mm sq. (174,286 psi) to 1700 N/mm sq. (246,905 psi), nominal carbon content of 0.65%, nominal silicon content of 0.25%, nominal manganese content of 0.65%, maximum phosphorous content of 0.020%, and maximum sulfur content of 0.010%, with slit edges free from cracks and damage, the foregoing designated as X-110.5. Canadian tariff classification: 7209.90.00.	Grade 13 C hardened and tempered high carbon cold-rolled strip steel with a thickness ranging from 0.4 mm (0.157 inches) to 1.4 mm (0551 inches), and a width ranging from 250 mm (9,8425 inches) to 1200 (47,2440 inches), thickness tolerance of T1, width tolerance of B1, flatness tolerance of 0.40% of nominal strip width, for use in cement kilns.	Cold-rolled sheet and coil of the following description: Grade 13 C hardened and tempered high carbon cold-rolled strip steel with a thickness ranging from 0.4 mm (0.157 inches) to 1.4 mm (0551 inches), and a width ranging from 250 mm (9,8425 inches) to 1200 (47,2440 inches), thickness tolerance of T1, width tolerance of B1, flatness tolerance of 0.40% of nominal strip width, for use in cement kilns..
320.23 b	Sandvik Steel Canada	Technical description of certain grade 20c steel grade 20c hardened and tempered high carbon cold-rolled strip steel with a thickness ranging from 0.102 mm (0.004 inch) to 1.200 mm (0.048 inch), and a width ranging from 12.7 mm (0.500 inch) to 355.6 mm (14.0 inches), tensile strength ranging from 1600 N/mm sq. (232,000 psi) to 2100 N/mm sq. (305,000 psi), tolerance on the tensile strength +/-80 N/mm sq. (11,500	Grade 20C hardened and tempered high carbon cold-rolled strip steel with a thickness ranging from 0.102 mm to 1.20 mm and a width ranging from 12.7 mm to 355.6 mm.	Cold-rolled sheet and coil of the following description: Grade 20C hardened and tempered high carbon cold-rolled strip steel with a thickness ranging from 0.102 mm to 1.20 mm and a width ranging from 12.7 mm to 355.6 mm.

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		psi), hardness ranging from 480-615 HV, thickness Tolerance of T3 , width tolerance of B1, flatness tolerance of 0.30% of nominal strip width, straightness tolerance of R2, minimal surface defects with a maximum depth of 5 microns (200 micro inches), and maximum scratch depth of 2.0 microns (80 microinches). Canadian tariff classification (10-digit) 7211.19.90.90 under which the MFN rate is now free.		
320.23 c	Sandvik Steel Canada	Technical description of wood bandsaw steel Grade 15LM (C-1074 Carbon) hardened and tempered bright and polished cold-rolled strip with a thickness ranging from 0.60 mm (.0236 inches) to 3.05 mm (.1200 inches), and a width ranging from 16.0 mm (.6299 inches) to 412.8 mm (16.2520 inches), tensile strength ranging from 1350 N/mm sq. (196,071 psi) (+/-60N/mm sq. (8,700 psi) to 1450N/mm sq. (210,595 psi) (+/-80N/mm sq. (11,600 psi), hardness ranging from 40-46 HCR, with square and smooth edges, free from surface defects, thickness tolerance of T1, and flatness tolerance of 0.10% of nominal strip width, the foregoing designated as X-110.1. Grade 15N2 hardened and tempered bright and polished cold-rolled strip with a thickness ranging from 0.60 mm (.0236 inches) to 3.05 mm (.120 inches), and a width ranging from 16.0 mm (.6299 inches) to 412.8 mm (16.250 inches), tensile strength from 1350	The following wording is proposed for tariff item 9945.00.00 and any tariff items of Chapter 72 which may be relevant: hardened and tempered bright and polished cold-rolled strip with a thickness from 0.60 mm to 3.05 mm and a width ranging from 16.0 mm to 412.8 mm for use in the manufacture of wood bandsaw blades.	Cold-rolled sheet and coil of the following description: Hardened and tempered bright and polished cold-rolled strip with a thickness from 0.60 mm to 3.05 mm and a width ranging from 16.0 mm to 412.8 mm for use in the manufacture of wood bandsaw blades.

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		N/mm sq. (196,071 psi) +/-60 N/mm sq. (8,700 psi) to 1450 N/mm sq. (210,595 psi) +/-80 N/mm sq. (1,600 psi) (except Multishift, which is higher), hardness from 40-46 HCR (except Multishift, which is higher), with square and smooth edges, free from surface defects, thickness tolerance of T1, Multishift T2, and maximum unflatness of 0.10 percent of the nominal strip width, Multishift 0.07 percent of the nominal strip width, the foregoing designated as X-110.7. Canadian tariff classification: 7226.92.90.11 at Free rate of duty by virtue of tariff item 9945.00.00.		
320.24 a	Usinor Canada Ltd.	Low-carbon cold-rolled steel sheet, in coil, continuous annealed, as per ASTM A1006, A1008 Cs type B, mill edge, and imported under tariff codes 7209.15,7209.16,7209.17 or 7209.18.	Low-carbon cold-rolled steel sheet, in coil, continuous annealed, as per ASTM A1006, A1008 Cs type B, mill edge, and imported under tariff codes 7209.15,7209.16,7209.17 or 7209.18.	Low-carbon cold-rolled steel sheet, in coil, continuous annealed, as per ASTM A1006, Cs type B, mill edge, and imported under H.S. Sub-headings: 7209.15, 7209.16, 7209.17 or 7209.18.
320.24 c	Usinor Canada Ltd.	Low-carbon cold-rolled steel sheet, in coil, in widths over 61.8 inches, suitable for vitreous porcelain enameling per ASTM A424 type 1 CS type B, fully de-carburized via open-coil annealing (ca), mill edge, and imported under tariff code 7225.50.90.	Low-carbon cold-rolled steel sheet, in coil, in widths over 61.8 inches, suitable for vitreous porcelain enameling per ASTM A424 type 1 CS type B, fully de- carburized via open-coil annealing (ca), mill edge, and imported under tariff code 7225.50.90.	Low-carbon cold-rolled steel sheet, in coil, in widths over 61.8 inches, suitable for vitreous porcelain enameling per ASTM A424 type 1 CS type B, fully de-carburized via open-coil annealing (ca), mill edge, and imported under H.S. Code 7225.50.90.
320.24 e	Usinor Canada Ltd.	Low-carbon cold-rolled steel sheet, in coil, in widths over 61.8 inches, suitable for vitreous porcelain enameling per ASTM A424 type 3- CS type B, interstitial free /batch annealed, mill edge, and imported under tariff code 7225.50.90.	Low-carbon cold-rolled steel sheet, in coil, in widths over 61.8 inches, suitable for vitreous porcelain enameling per ASTM A424 type 3- CS type B, interstitial free /batch annealed, mill edge, and imported under tariff code 7225.50.90.	Low-carbon cold-rolled steel sheet, in coil, in widths over 61.8 inches, suitable for vitreous porcelain enameling per ASTM A424 type 3- CS type B, interstitial free /batch annealed, mill edge, and imported under tariff code 7225.50.90.

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320.24 g	Usinor Canada Ltd.	Cold-rolled carbon steel sheet, high-strength low-alloy, in coil, 60 ksi minimum yield, per ASTM A1008 HSLA-F grade 60, with improved formability and imported under tariff codes 7209.16.91, 7209.17.91 or 7209.18.91.	Cold-rolled carbon steel sheet, high-strength low-alloy, in coil, 60 ksi minimum yield, per ASTM A1008 HSLA-F grade 60, with improved formability and imported under tariff codes 7209.16.91, 7209.17.91 or 7209.18.91.	Cold-rolled carbon steel sheet, in coil, 60 ksi minimum yield, per ASTM A1008 HSLA-F grade 60. Imported under H.S. Codes: 7209.16.91, 7209.17.91 or 7209.18.91.
320.24 h	Usinor Canada Ltd.	Cold-rolled steel sheet, carbon .25% max, in coil, per ASTM A109 quarter hard, continuous and/or batch annealed, mill edge and imported under tariff code 7209.18.91.10.	Cold-rolled steel sheet, carbon .25% max, in coil, per ASTM A109 quarter hard, continuous and/or batch annealed, mill edge and imported under tariff code 7209.18.91.10.	Cold-rolled steel sheet, carbon .25% max, in coil, per ASTM A109 quarter hard, continuous and/or batch annealed, mill edge and imported under H.S. code 7209.18.91.10.
320.24 i	Usinor Canada Ltd.	Cold-rolled steel sheet, interstitial-free high-strength steels, in coil, ultra-low carbon, vacuum degassed, re- phosphorized, mill edge, produced under Usinor USIDRAW 340 (specification attached to original request), and imported under tariff codes 7209.16.91,7209.17.91 or 7209.18.91.	Cold-rolled steel sheet, interstitial-free high-strength steels, in coil, ultra-low carbon, vacuum degassed, re- phosphorized, mill edge, produced under Usinor USIDRAW 340 (specification attached to original request), and imported under tariff codes 7209.16.91,7209.17.91 or 7209.18.91.	Cold-rolled steel sheet, interstitial-free high-strength steels, in coil, ultra-low carbon, vacuum degassed, re- phosphorized, mill edge, produced under Usinor USIDRAW 340, or equivalent, and imported under HS codes 7209.16.91, 7209.17.91 or 7209.18.91.
320.24 j	Usinor Canada Ltd.	Cold-rolled carbon steel sheet, ultra-high strength low-alloy, in coil, continuous annealed / temper-passed to 80ksi minimum yield (as-delivered), mill edge, per ASTM A1008 grade 80 (modified), produced under Usinor "USIPHASE dp750(modified) reb550" (specification attached to original request), and imported under tariff codes 7209.16.91, 7209.17.91 or 7209.18.91.	Cold-rolled carbon steel sheet, ultra-high strength low-alloy, in coil, continuous annealed / temper-passed to 80ksi minimum yield (as-delivered), mill edge, per ASTM A1008 grade 80 (modified), produced under Usinor "USIPHASE dp750(modified) reb550" (specification attached to original request), and imported under tariff codes 7209.16.91, 7209.17.91 or 7209.18.91.	Cold-rolled carbon steel sheet, ultra-high strength low-alloy, in coil, continuous annealed / temper-passed to 80ksi minimum yield (as-delivered), mill edge, per ASTM A1008 grade 80 (modified), produced under Usinor "USIPHASE dp750 (modified) reb550", or equivalent and imported under H.S. codes 7209.16.91, 7209.17.91 or 7209.18.91.
320.26 a	Alstom Canada Inc.	Flat-rolled, non-oriented silicon-iron, electrical steel processed type 1 and designated under ASTM standard specification A 677/A 677M-99 (hereinafter, "Non-oriented Silicon	Flat-rolled, non-oriented silicon-iron electrical steel processed type 1 and designated under ASTM standard specification A 677/A 677M-99 (or under an equivalent product standard designation),	Cold-rolled sheet and coil, non-oriented silicon-iron electrical steel

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		Electrical Steel"). Non-oriented Silicon Electrical Steel is produced to specified maximum core-loss values and is used to fabricate flat laminations entering in the assembly of magnetic devices, including the magnetic stator cores of generators, operating primarily at 50 or 60 hertz. Non-oriented Silicon Electrical Steel consists of low carbon amounts (less than 0.020%) and silicon steel alloys with a silicon content up to approximately 3.5%. Non-oriented silicon electrical steel that is of a width more than 600 mm is imported into Canada under the Harmonized Tariff Number 7225.19.00.10 - "Flat-rolled products of other alloy steel, of a width of 600 mm or more ... of silicon electrical steel … other … cold-rolled or cold-drawn, of a thickness not exceeding 4.75 mm." Non-oriented Silicon Electrical Steel that is of a width of less than 600 mm is imported under the Harmonized Tariff Number 7226.19.00.10 - Flat-rolled products of other alloy steel, of a width less than 600 mm … of silicon electrical steel … other … cold-rolled or cold-drawn, of a thickness not exceeding 4.75 mm".	in sheet or coil, used in magnetic devices, including generator stator cores, operating at commercial power frequencies of 50 or 60 hertz. The excluded good is classified under either of the following Harmonized Tariff Numbers: 7225.19.00.10 (of a width of 600 mm or more) or 7226.19.00.10 (of a width of less than 600 mm).	
320.26 b	Alstom Canada Inc.	Flat-rolled, grain-oriented silicon-iron, electrical steel high permeability processed type 1 and designated under ASTM standard specification A 876/A 876M-98 (hereinafter, "Grain-oriented Silicon Electrical Steel"). Grain-oriented Silicon	Flat-rolled, grain-oriented silicon-iron electrical steel processed type 1 and designated under ASTM standard specification A 677/A 677M-99 (or under an equivalent product standard designation), in coil, used in magnetic devices, including	Grain-oriented silicon-iron electrical steel.

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		electrical Steel is produced to specified maximum core-loss values and is used to fabricate flat laminations entering in the assembly of magnetic devices, including the magnetic stator cores of generators and the cores of transformers, operating primarily at 50 or 60 hertz. Grain-oriented Silicon Electrical Steel consists of low carbon amounts (less than 0.020%) and silicon steel alloys with a silicon content up to approximately 3.2% which are designed during metallurgical processing to achieve low core loss and high permeability in the direction of rolling. Grain-oriented Silicon Electrical Steel that is of a width more than 600 mm is imported into Canada under the Harmonized Tariff Number 7225.11.00.10 - "Flat-rolled products of other alloy steel, of a width of 600 mm or more … of silicon electrical steel … grain-oriented … cold-rolled or cold-drawn, of a thickness not exceeding 4.75 mm." Grain-oriented Silicon Electrical Steel that is of a width of less than 600 mm is imported under the Harmonized Tariff Number 7226.11.00.10 - Flat-rolled products of other alloy steel, of a width less than 600 mm … of silicon electrical steel … grain-oriented.	in transformer cores and generator stator cores, operating at commercial power frequencies of 50 or 60 hertz. The excluded good is classified under either of the following Harmonized Tariff Numbers: 7225.11.00.10 (of a width of 600 mm or more) or 7226.11.00.10 (of a width of less than 600 mm).	
320.27 a	Bohler-Uddeholm AG, Bohler-Uddeholm Ltd., Edelstahl	ORVAR Supreme: - is a premium H13 approved acc to the NADCA – as well as the FORD – (AMTD-DC2010) and GM Powertrain Group (DC-9999-1) specs. The chemical composition is C=0.37-0.41;	PREMIUM H-13 HOT WORK TOOL STEEL CR SHEET (ORVAR SUPREME)	Cold-rolled steel sheet and coil of the following description: Premium H13 approved to the NADCA – as well as the FORD – (AMTD-DC2010) and GM Powertrain Group (DC-9999-1) specs.

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	Witten-Krefeld GmbH, Thyssen Marathon Canada Ltd., Buderus Edelstahl Werke AG and Buderus Specialty Steel Corp.	Si=0.90-1.10; Mn=0.40-.50; Cr=5.00-5.30; Mo=1.35-1.50; V=0.90-1.00; P= max 0.010 and S= max 0.0010%. For fulfilling the different specs the material is produced by vacuum degassing, ESR, special forging and heat treatment procedures and also at the end tested and certified. ORVAR Supreme has a very good resistance to heat checking and thermal chock, good high temperature strength, excellent toughness and ductility in all directions, very good hardenability, good dimensional stability during hardening and good machinability and polishability. HS#: 7226.99.90.00		The chemical composition is C=0.37-0.41; Si=0.90-1.10; Mn=0.40-.50; Cr=5.00-5.30; Mo=1.35-1.50; V=0.90-1.00; P= max 0.010 and S= max 0.0010%. known as "ORVAR SUPREME", or equivalent.
320.27 b	Bohler-Uddeholm AG, Bohler-Uddeholm Ltd., Edelstahl Witten-Krefeld GmbH, Thyssen Marathon Canada Ltd., Buderus Edelstahl Werke AG and Buderus Specialty Steel Corp.	COMPAX SUPREME in premachined execution fixed length in tolerance: width +0.4/+0.8, thickness +0.4/+0.65, length +0/+3, flatness 0.0003-0.0015, corner squareness 0.1-0.15. Surface finish: Flat surface Ra max 2.5, edge surface Ra max 6.3. COMPAX SUPREME is a Chromium Molybenum alloyed steel with the following composition: 0.5% C 0.3% Si 0.7% Mn 3.2% Cr 1.3% Mo. COMPAX SUPREME is characterized by; good toughness, good wear resistance, good through hardening properties and good dimensional stability on hardening. It is also steel with low amount of inclusions. HS#: 7226.99.90.00	COMPAX SUPREME CR SHEET	Cold-rolled sheet and coil of the following description: Premachined execution fixed length in tolerance: width +0.4/+0.8, thickness +0.4/+0.65, length +0/+3, flatness 0.0003-0.0015, corner squareness 0.1-0.15. Surface finish: Flat surface Ra max 2.5, edge surface Ra max 6.3. Chromium Molybenum alloyed steel with the following composition: 0.5% C 0.3% Si 0.7% Mn 3.2% Cr 1.3% Mo. known as "COMPAX SUPREME", or equivalent.
320.27 c	Bohler-Uddeholm AG,	IMPAX Supreme is a prehardened steel with the following composition: 0.37% C,	IMPAX SUPREME CR SHEET	Cold-rolled sheet and coil of the following description:

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	Bohler-Uddeholm Ltd., Edelstahl Witten-Krefeld GmbH, Thyssen Marathon Canada Ltd., Buderus Edelstahl Werke AG and Buderus Specialty Steel Corp.	0.3% Si, 1.4% Mn, 2.0% Cr, 0.2% Mo, 1.0% Ni. The steel grade is characterized by high cleanliness and good hardenability. Hardness range 290-340HB and 360-400 HB. IMPAX Supreme has good polishability, good etching properties, good machinability, high purity and good homogeneity and uniform hardness. HS#: 7226.99.90.00		Prehardened steel with the following composition: 0.37% C, 0.3% Si, 1.4% Mn, 2.0% Cr, 0.2% Mo, 1.0% Ni, hardness range 290-340HB and 360-400 HB, known as "IMPAX SUPREME", or equivalent.
320.27 d	Bohler-Uddeholm AG, Bohler-Uddeholm Ltd., Edelstahl Witten-Krefeld GmbH, Thyssen Marathon Canada Ltd., Buderus Edelstahl Werke AG and Buderus Specialty Steel Corp.	QRO 90 SUPREME: - is a high performance chromium, molybdenum, vanadium alloyed hot work steel patented by Uddeholm. The chemical composition is: C = 0.36 - 0.40; Si = 0.15 - 0.50; Mn = 0.60 - 0.90; Cr = 2.40 - 2.80; Mo = 2.15 - 2.35; V = 0.80 - 0.95; P = max 0.015 and S = max 0.0030%. The material is produced by vacuum degassing, ESR and special forging and heat treatment procedures for giving a good property profile. QRO 90 SUPREME has excellent high temperature strength and hot hardness, very good temper resistance, unique resistance to thermal fatigue, excellent thermal conductivity and, good toughness and ductility. H.S. 7226.99.90.00	QRO 90 SUPREME CR SHEET	Cold-rolled sheet and coil of the following description: High performance chromium, molybdenum, vanadium alloyed hot work steel. The chemical composition is: C = 0.36 - 0.40; Si = 0.15 - 0.50; Mn = 0.60 - 0.90; Cr = 2.40 - 2.80; Mo = 2.15 - 2.35; V = 0.80 - 0.95; P = max 0.015 and S = max 0.0030%, known as "QRO 90 SUPREME", or equivalent.
320.27 e	Bohler-Uddeholm AG, Bohler-Uddeholm Ltd.,	VANADIS 10 is a high alloyed powder metallurgical tool steel characterized by an excellent abrasive wear resistance combined with rather good chipping /cracking	VANADIS 10 CR SHEET	Cold-rolled sheet and coil of the following description: High alloyed powder metallurgical tool steel. The nominal chemical composition

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	Edelstahl Witten-Krefeld GmbH, Thyssen Marathon Canada Ltd., Buderus Edelstahl Werke AG and Buderus Specialty Steel Corp.	resistance. The nominal chemical composition (weight %) is: C= 2.9, Si= 0.5, Mn= 0.5, Cr= 8.0, Mo= 1.5, V= 9.8. Delivery condition: Soft annealed with hardness Max. 310 HB. Max. hardness level at hardened and tempered condition: 65 HRC H.S. # 7226.99.90.00		(weight %) is: C= 2.9, Si= 0.5, Mn= 0.5, Cr= 8.0, Mo= 1.5, V= 9.8. Delivery condition: Soft annealed with hardness Max. 310 HB. Max. hardness level at hardened and tempered condition: 65 HRC, known as VANADIS 10, or equivalent.
320.27 f	Bohler-Uddeholm AG, Bohler-Uddeholm Ltd., Edelstahl Witten-Krefeld GmbH, Thyssen Marathon Canada Ltd., Buderus Edelstahl Werke AG and Buderus Specialty Steel Corp.	Doctor blade steel for coating paper meeting the following characteristics: thickness range of .25 to .5mm, width less than or equal to 100mm, straightness deviation .3 mm per 3000mm. Alloy composition is UHB 20 C, which has the following chemical composition by weight: carbon content of .95 to 1.05 %, Silicon content of .20 to .35%, manganese content of .35 to .50 %, phosphorus content less than or equal to .015%, sulphur content of less than or equal to .010%. The end product must have tight straightness, flatness, and a fine dispersed microstructure of high purity. The material is cold-rolled and heat-treated to achieve the desired hardness and fulfil the stringent dimensional properties. HTS # 7211231000, 7211299000	Cold-rolled hardened and tempered steel of grade UHB 20C Coater Blades	Cold-rolled hardened and tempered steel of the following description: Grade UHB 20C Coater Blades, or equivalent, thickness range of .25 to .5mm, width less than or equal to 100mm, straightness deviation .3 mm per 3000mm. Alloy composition has the following chemical composition by weight: carbon content of .95 to 1.05 %, Silicon content of .20 to .35%, manganese content of .35 to .50 %, phosphorus content less than or equal to .015%, sulphur content of less than or equal to .010%.
320.27 g	Bohler-Uddeholm AG, Bohler-Uddeholm Ltd.,	Doctor blade steel for the printing industry meeting the following characteristics: thickness range of .076 to .25mm, width less than or equal to 70 mm, straightness	Cold-rolled hardened and tempered steel of grade UHB20C Dr Blades.	Cold-rolled hardened and tempered steel of the following description: Grade UHB20C Doctor Blades, or equivalent, thickness range of .076 to

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	Edelstahl Witten-Krefeld GmbH, Thyssen Marathon Canada Ltd., Buderus Edelstahl Werke AG and Buderus Specialty Steel Corp.	deviation .6 mm per 3000mm. Alloy composition is UHB 20 C, which has the following chemical composition by weight: carbon content of .95 to 1.05 %, Silicon content of .20 to .35%, manganese content of .20 to .50%, phosphorus content less than or equal to .015%, sulphur content of less than or equal to .010%. The end product must have tight straightness, flatness, and a fine dispersed microstructure of high purity. Material is cold-rolled then heat-treated to achieve required hardness and stringent dimensional properties. HTS # 7211231000, 7211299000.		.25mm, width less than or equal to 70 mm, straightness deviation .6 mm per 3000mm. Alloy composition has the following chemical composition by weight: carbon content of .95 to 1.05 %, Silicon content of .20 to .35%, manganese content of .20 to .50%, phosphorus content less than or equal to .015%, sulphur content of less than or equal to .010%.
320.27 h	Bohler-Uddeholm AG, Bohler-Uddeholm Ltd., Edelstahl Witten-Krefeld GmbH, Thyssen Marathon Canada Ltd., Buderus Edelstahl Werke AG and Buderus Specialty Steel Corp.	Hardened and tempered high-carbon strip steel in grade UHB 20C. Thickness range less than or equal to 1.00 mm. Chemical composition by weight: carbon content of 0.95 to 1.05%, silicon content of 0.20-0.35%, manganese content of 0.35 to 0.50%, phosphorous content of less than or equal to 0.015% and sulphur content of less than or equal to 0.010%. The micro structure is acicular tempered martensite with 3-7% by volume of speheroidized and uniformly distributed cementite (undissolved carbides) in sizes below 3 micrometers. The amount of partial decarburization (fully martensitic) is allowed to a depth of 6% of thickness. Non-metallic inclusions of the harmful type (oxides) are kept at the lowest possible level. The flatness deviation along the rolling	Cold-rolled hardened and tempered steel of grade UHB20C Valve Steel	Cold-rolled hardened and tempered steel of the following description: Grade UHB20C Valve Steel, or equivalent, thickness range less than or equal to 1.00 mm. Chemical composition by weight: carbon content of 0.95 to 1.05%, silicon content of 0.20-0.35%, manganese content of 0.35 to 0.50%, phosphorous content of less than or equal to 0.015% and sulphur content of less than or equal to 0.010%. The micro structure is acicular tempered martensite with 3-7% by volume of speheroidized and uniformly distributed cementite (undissolved carbides) in sizes below 3 micrometers. The amount of partial decarburization (fully martensitic) is allowed to a depth of 6% of thickness.

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		direction, i.e. along the strip, is a maximum of 0.2% of the measuring length. HTS# 7211231000, 7211299000		
320.27 i	Bohler-Uddeholm AG, Bohler-Uddeholm Ltd., Edelstahl Witten-Krefeld GmbH, Thyssen Marathon Canada Ltd., Buderus Edelstahl Werke AG and Buderus Specialty Steel Corp.	Wood bandsaw steel in grade UHB 15 N 20; thickness < 1.10mm; width: 6.3 to 412.8 mm; nominal carbon content, .75% by weight; micro structure: fine needled, tempered martensite with a uniform distribution of few (max 1% by volume) undissolved carbides; inclusions: to DIN 50602: K1 oxide < 10; maximum OG: 8.2; decarburization: free ferite is not allowed; maximum partial decarburization 4% of strip thickness; tensile strength/hardness: 1450 + 80 N/mm^2 (42-46 HRC); Strip thickness < 2.0 mm 1370 +80 N/mm^2 (40-43 HRC); surface appearance: bright polished/ground surface; maximum approved scratch depth is 10 µm; surface roughness (cut off of .8 mm); Ra 0.2-0.5 µm; edges: square or elliptical fine machine smooth edges; flatness: maximum unflatness of 0.10% of the nominal strip width; maximum coil set: 10 mm/m; straightness: strip width of < 40 mm with a max. deviation of 0.35 mm per 0.9m; strip width of < 134 mm with a maximum deviation of 0.25 mm per 0.9 or 0.8 per 3 m. Thickness tolerance: T1; within a strip maximum half the tolerance zone for T1; width tolerance B1. HTS # 7226929019, 7226929029, 7226999000.	Cold-rolled hardened and tempered Wood bandsaw steel of grade UHB 15N20.	Cold-rolled hardened and tempered wood bandsaw steel of the following description: Grade UHB 15N20, or equivalent, thickness < 1.10mm; width: 6.3 to 412.8 mm; nominal carbon content, .75% by weight; micro structure: fine needled, tempered martensite with a uniform distribution of few (max 1% by volume) undissolved carbides; inclusions: to DIN 50602: K1 oxide < 10; maximum OG: 8.2; decarburization: free ferite is not allowed; maximum partial decarburization 4% of strip thickness; tensile strength/hardness: 1450 + 80 N/mm^2 (42-46 HRC); Strip thickness < 2.0 mm 1370 +80 N/mm^2 (40-43 HRC); surface appearance: bright polished/ground surface; maximum approved scratch depth is 10 µm; surface roughness (cut off of .8 mm); Ra 0.2-0.5 µm; edges: square or elliptical fine machine smooth edges; flatness: maximum unflatness of 0.10% of the nominal strip width; maximum coil set: 10 mm/m; straightness: strip width of < 40 mm with a max. deviation of 0.35 mm per 0.9m; strip width of < 134 mm with a maximum deviation of 0.25 mm per 0.9 or 0.8 per 3 m. Thickness tolerance: T1; within a strip maximum half the tolerance zone for T1; width tolerance B1.

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description of the Good	Requester's Proposed Wording	Tribunal's Recommendations for Exclusion
320.27 j	Bohler-Uddeholm AG, Bohler-Uddeholm Ltd., Edelstahl Witten-Krefeld GmbH, Thyssen Marathon Canada Ltd., Buderus Edelstahl Werke AG and Buderus Specialty Steel Corp.	Wood bandsaw steel in grade UHB 15; thickness < 1.10mm; width: 6.3 to 412.8 mm; nominal carbon content, .71% by weight; micro structure: fine needled, tempered martensite with a uniform distribution of few (max 1% by volume) undissolved carbides; inclusions: to DIN 50602: K1 oxide less than 10; maximum OG: 8.2: decarburization: free ferite is not allowed; maximum partial decarburization maximum 4% of strip thickness; tensile strength/hardness: 1450 + 80 N/mm^2 (42-46 HRC). ; surface appearance: bright polished/ground surface; maximum approved scratch depth for is 10 µm; surface roughness (cut off of .8 mm); Ra 0.2-0.5 µm; edges: square or elliptical fine machine smooth edges; flatness: maximum unflatness of 0.10% of the nominal strip width; maximum coi l set: 10 mm/m ; straightness: strip width of less than 40 mm with a maximum deviation of 0.35 mm per 0.9m; strip width of less than 134 mm with a maximum deviation of 0.25 mm per 0.9 or 0.8 per 3 m; thickness tolerance: T1; within a strip maximum half the tolerance zone for TI; width tolerance B1. HTS # 7226929019, 7226929029, 7226999000.	Wood bandsaw steel, hardened and tempered of grade UHBI5	Cold-rolled hardened and tempered wood bandsaw steel of the following description: Grade UHB15, or equivalent, thickness < 1.10mm; width: 6.3 to 412.8 mm; nominal carbon content, .71% by weight; micro structure: fine needled, tempered martensite with a uniform distribution of few (max 1% by volume) undissolved carbides; inclusions: to DIN 50602: K1 oxide less than 10; maximum OG: 8.2: decarburization: free ferite is not allowed; maximum partial decarburization maximum 4% of strip thickness; tensile strength/hardness: 1450 + 80 N/mm^2 (42-46 HRC). ; surface appearance: bright polished/ground surface; maximum approved scratch depth for is 10 µm; surface roughness (cut off of .8 mm); Ra 0.2-0.5 µm; edges: square or elliptical fine machine smooth edges; flatness: maximum unflatness of 0.10% of the nominal strip width; maximum coi l set: 10 mm/m ; straightness: strip width of less than 40 mm with a maximum deviation of 0.35 mm per 0.9m; strip width of less than 134 mm with a maximum deviation of 0.25 mm per 0.9 or 0.8 per 3 m; thickness tolerance: T1; within a strip maximum half the tolerance zone for TI; width tolerance B1.
320.27 k	Bohler-Uddeholm AG, Bohler-Uddeholm Ltd.,	Wood bandsaw steel in grade UHB 15 LM; Chemical composition by weight: C=0.70-0.80%, Si=0.15-0.30%, Mn=0.65-0.80%. Pmax=0.020%, Smax=0.020%. Width:	Cold-rolled hardened and tempered wood bandsaw steel in grade UHB 15LM	Cold-rolled hardened and tempered wood bandsaw steel of the following description: Grade UHB 15LM, or equivalent, chemical composition by weight: C=0.70-0.80%,

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	Edelstahl Witten-Krefeld GmbH, Thyssen Marathon Canada Ltd., Buderus Edelstahl Werke AG and Buderus Specialty Steel Corp.	10.0mm to 450 mm. Thickness 0.40 mm to 3.10 mm. Micro structure: A matrix of fine needled tempered martensite with a few small un-dissolved carbides. Micro inclusions: Acc. to DIN 50602: Kloxide<15, max. OG: 8:3. Decarburization: Complete decarburization is not allowed. Max. partial decarburization max. 6% of the strip thickness. Standard tensile strength/hardness: 1450±80 N/mm^2 (42-46 HRC). Surface appearance: Bright polished/ground surface. Surface roughness (cut off 0.8 m): Ra 0.2-0.5 µm for thickness <1.65 mm. Ra 0.4-1.0 µm for thickness >1.65 mm. Edges: Square or elliptical fine machined smooth edges. Flatness: Max. unflatness 0.10% of the nominal strip width. Straightness Strip width >134 mm - max. deviation 0.25 mm per 1000 mm or 0.8 mm per 3000 mm. Thickness tolerance: T1. Width tolerance: B1. Straightness: Strip width <40 mm - max. deviation 0.35 mm per 1000 mm or 3.2 mm per 3000 mm. Strip width 40-134 mm - max. deviation 0.25 mm per 1000 mm or 1.2mm per 3000 mm. HTS #7226929019, 7226929029, 7226999000.		Si=0.15-0.30%, Mn=0.65-0.80%. Pmax=0.020%, Smax=0.020%. Width: 10.0mm to 450 mm. Thickness 0.40 mm to 3.10 mm. Micro structure: A matrix of fine needled tempered martensite with a few small un-dissolved carbides. Micro inclusions: Acc. to DIN 50602: Kloxide<15, max. OG: 8:3. Decarburization: Complete decarburization is not allowed. Max. partial decarburization max. 6% of the strip thickness. Standard tensile strength/hardness: 1450±80 N/mm^2 (42-46 HRC). Surface roughness (cut off 0.8 m): Ra 0.2-0.5 µm for thickness <1.65 mm. Ra 0.4-1.0 µm for thickness >1.65 mm. Edges: Square or elliptical fine machined smooth edges. Flatness: Max. unflatness 0.10% of the nominal strip width. Straightness Strip width >134 mm - max. deviation 0.25 mm per 1000 mm or 0.8 mm per 3000 mm. Thickness tolerance: T1. Width tolerance: B1. Straightness: Strip width <40 mm - max. deviation 0.35 mm per 1000 mm or 3.2 mm per 3000 mm. Strip width 40-134 mm - max. deviation 0.25 mm per 1000 mm or 1.2mm per 3000 mm.
320.27 1	Bohler-Uddeholm AG, Bohler-Uddeholm Ltd., Edelstahl Witten-Krefeld	VANADIS 4 is a high alloyed powder metallurgical tool steel characterized by an excellent combination of wear resistance and chipping / cracking resistance. The nominal chemical composition (weight %) is : C= 1.50, Si= 1.0, Mn= 0.4, Cr= 8.0,	VANADIS 4 CR SHEET	Cold-rolled sheet of the following description: High alloyed powder metallurgical tool steel. The nominal chemical composition (weight %) is : C= 1.50, Si= 1.0, Mn= 0.4, Cr= 8.0, Mo= 1.5, V= 4.0 .

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	GmbH, Thyssen Marathon Canada Ltd., Buderus Edelstahl Werke AG and Buderus Specialty Steel Corp.	Mo= 1.5, V= 4.0 . Delivery condition: soft annealed with hardness Max 250 HB. Max hardeness level at hardened and tempered condition: 64 HRC HS#: 7226.99.90.00		Delivery condition: soft annealed with hardness Max 250 HB. Max hardeness level at hardened and tempered condition: 64 HRC, known as "VANADIS 4", or equivalent.
320.28	SSAB Tunnplat AB	Docol Cold-rolled Extra and Ultra High Strength Sheet Steels: Docol 85DP, 85DL, 100DP, 115DP, 115DL,130M, 140DP, 145DP, 145DL, 160M, 175DP, 190M, 205DP and 220M Docol 100W, Docol 450 Wear, Docol 450 Defend Canadian Customs Tariff Schedule Tariff Items Docol 115DL,130M, 160M, 190M . 7225.50.90.19. Docol 85DP, 85DL, 100DP, 115DP, 140DP, 145DP, 145DL, 175DP, 205DP and 220M in coils 7209.16.91.10, 7209.17.91.10 not in coils 7209.26.00.10, 7209.27.00.10 Docol 100W 7225.50.90.19 Docol 450 Wear in coils 7209.16.91.10, 7209.17.91.10 not in coils 7209.26 .000.10, 7209.27.00.10 Docol 450 Defend in coils 7209.16.91.10, 7209.17.91.10, not in coils	Docol Cold-rolled Extra and Ultra High Strength Sheet Steels: Docol 85DP, 85DL, 100DP, 115DP, 115DL, 130M, 140DP, 145DP, 145DL, 160M, 175DP, 190M, 205DP and 220M Docol 100W, Docol 450 wear and Docol 450 Defend	Cold-rolled sheet and coil, known as "Docol 85DP, 85DL, 100DP, 115DP, 115DL, 130M, 140DP, 145DP, 145DL, 160M, 175DP, 190M, 205DP and 220M Docol 100W, Docol 450 wear and Docol 450 Defend", or equivalent.

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description of the Good	Requester's Proposed Wording	Tribunal's Recommendations for Exclusion
		7209.26.00,10, 7209.27.00.10		
320.29 a	Cogent Power Inc.	Non-oriented Silicon Electrical Steel Tariff # 7225.19.00.10, for use in component parts for power transformers, motors and generators.	Non-oriented fully and semi processed Silicon Electrical Steel. Width of 600 mm or more and of a thickness not exceeding 4.75 mm.	Non-oriented silicon electrical steel
320.29 b	Cogent Power Inc.	Non-oriented Silicon Electrical Steel Tariff # 7225.19.00.90, for use in component parts for power transformers, motors and generators.	Non-oriented fully and semi processed Silicon Electrical Steel. Width of 600mm or more and of a thickness exceeding 4.75mm.	Non-oriented silicon electrical steel
320.29 c	Cogent Power Inc.	Non-oriented Silicon Electrical Steel Tariff # 7226.19.00.10, for use in component parts for power transformers, motors and generators.	Non-oriented fully and semi processed Silicon Electrical Steel. Width of less than 600 mm and of a thickness not exceeding 4.75 mm.	Non-oriented silicon electrical steel
320.29 d	Cogent Power Inc.	Non-oriented Silicon Electrical Steel Tariff # 7226.19.00.90, for use in component parts for power transformers, motors and generators.	Non-oriented fully and semi processed Silicon Electrical Steel. Width of less than 600 mm and of a thickness not exceeding 4.75 mm.	Non-oriented silicon electrical steel
320.30 a	Firth Cleveland Steel Strip	Tariff 7211.29.90. Cold-rolled strip S103CV (0.95/1.03% carbon, 0.4/0.6% chromium, 0.15/0.25% vanadium). Supplied in the cold-rolled close annealed condition in widths 50 mm to 205 mm and gauges 0.7 mm to 2 mm. (ASTM A684/A684M)	S103CV Cold-rolled close annealed in widths 50 mm to 205 mm.	S103CV cold-rolled close annealed in widths 50 mm to 205 mm.
320.30 b	Firth Cleveland Steel Strip	Tariff 7211.29.90.00. Cold-rolled close annealed steel strip to SAE 1095 supplied in widths 75 mm to 230 mm and gauges 0.5 mm to 1.8 mm. (ASTM A684/A684M)	SAE 1095 cold-rolled, close annealed in widths 75 mm to 230 mm.	SAE 1095 cold-rolled, close annealed in widths 75 mm to 230 mm.
320.30 c	Firth Cleveland Steel Strip	Tariff Code 7211.29.90. Hardened and Tempered cold-rolled strip in grade SA1095 with a cold-rolled, polished or blued finish. Widths 75 mm to 320 mm, gauges 0.3 mm	SAE 1095 Hardened and Tempered cold-rolled strip in widths 75 mm to 320 mm.	SAE 1095 hardened and tempered cold-rolled strip in widths 75 mm to 320 mm.

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		to 1.8 mm. (ASTM A684/A684M)		
320.30 d	Firth Cleveland Steel Strip	Tariff code 7211.29.90. Hardened and tempered cold-rolled steel strip in grade SAE 1074 supplied with a cold-rolled, or polished surface in widths 19 mm to 315 mm and gauges 0.3 mm to 2.3 mm for the production of tools. (ASTM A684/A684M)	SAE 1074 hardened and tempered cold-rolled strip in widths 19 mm to 315 mm.	SAE 1074 hardened and tempered cold-rolled strip in widths 19 mm to 315 mm.
320.31 a	J B & S Lees	Tariff 7211.29.20.30 1.25% Carbon Cold-rolled Strip for the manufacture of bandsaw blades supplied in the fine spherodise annealed condition in widths 4.7 mm to 51 mm.	1.25% carbon fine spherodised cold-rolled strip in widths 4.7 mm to 51 mm.	Cold-rolled strip of the following description: 1.25% carbon fine spherodised cold-rolled strip in widths 4.7 mm to 51 mm.
320.31 b	J B & S Lees	Tariff 7211.29.2030. Narrow cold-rolled strip with a carbon content of 0.70/0.80% and manganese 0.60 /0.90% supplied in widths from 25 mm to 200 mm and thickness 0.8 mm to 1.5 mm. (ASTM A684/A684M)	Cold-rolled narrow strip with a carbon content of 0.7/0.8% in widths 25 mm –200 mm.	Cold-rolled narrow strip with a carbon content of 0.7/0.8% in widths 25 mm – 200 mm.
320.31 c	J B & S Lees	Tariff 7226.92.3060. Cold-rolled alloy narrow strip, specification T6100/D6A with carbon 0.42/0.48%, manganese 0.60/0.90%, chromium 0.90/1.20%, nickel 0.40/0.70%, molybdenum 0.9/1.1%, vanadium 0.05/0.15% in widths 5 mm to 80 mm and thickness 0.6 mm to 1.8 mm.	Tariff 7226.92.3060. Cold-rolled narrow strip D6A/T6100 in widths 5 mm to 80 mm.	Cold-rolled narrow strip D6A/T6100 in widths 5 mm to 80 mm.
320.31 d	J B & S Lees	Tariff 7226.92.3060. Cold-rolled alloy narrow strip, specification 3% Cr with carbon 0.32/0.40%, manganese 0.60/0.90, chromium 2.90/3.20%, molybdenum 0.60/0.80%, vanadium 0.25/0.35% in widths 15 mm to 80 mm and thickness 0.6 mm to 1.8 mm.	3% chromium cold-rolled narrow strip with carbon 0.32/0.40%, chromium 2.90/3.20%, molybdenum 0.60/0.80%, vanadium 0.25/0.35% in widths 15 mm to 80 mm.	Cold-rolled alloy narrow strip of the following description: 3% chromium cold-rolled narrow strip with carbon 0.32/0.40%, chromium 2.90/3.20%, molybdenum 0.60/0.80%, vanadium 0.25/0.35% in widths 15 mm to 80 mm.

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description of the Good	Requester's Proposed Wording	Tribunal's Recommendations for Exclusion
320.33 a	Corus America, Inc.	A fully processed, silicon bearing, non-oriented flat rolled electrical steel sheet. Applicable tariff codes are 7225.19.00.10 and 7226.19.00.10.	A fully processed, silicon bearing, non-oriented, flat rolled electrical sheet steel, with a nominal thickness of 0.127 - 0.18 mm and with a maximum core loss of 120 – 161 Watts per kg at 2500 Hz and 1.0 Tesla, when tested on a 25 cm Epstein frame according to the method of IEC 60404-2, where half of the sample strips are taken in the longitudinal direction and half in the transverse direction, and with a restricted chemistry for electrical applications as carbon 0.005 % maximum, silicon 2.5-3.5 % and aluminum 0.3-1.0 %, supplied uncoated or coated with an organic and/or inorganic surface insulation with a smooth finish that provides a typical 0.4 A when tested per ASTM A 717 / A717M on a Franklin tester and which is capable of withstanding stress relieving temperatures without impairing surface insulation, and with an intermittent temperature capability of 850 degrees centigrade in inert gas as well as a continuous temperature capability of 230 degrees centigrade in air, and supplied in widths of 10-1250 mm. 7225.19.00.10 - ≥600mm in width 7226.19.00.10 - < or = 600 mm in width	Non-oriented electrical steel and /or silicon-electrical steel.
320.33 b	Corus America, Inc.	Cold-rolled carbon and/or alloyed flat rolled electrical steel sheet supplied in the semi-processed condition. Applicable tariff codes are 7209.17.10.10, 7209.18.10.10, 7225.19.00.10 and 7226.19.00.10.	A cold-rolled electrical alloyed and/or non-alloyed steel delivered in the semi-processed state with a nominal thickness of 0.50 – 0.65 mm and a maximum core loss of 4.32 – 12.70 W/kg at a peak magnetic polarization of 1.5 T, 60 Hz when subjected to a	Non-oriented electrical steel and /or silicon-electrical steel.

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description of the Good	Requester's Proposed Wording	Tribunal's Recommendations for Exclusion
			reference heat treatment in a decarburizing atmosphere at a temperature of 790-840 ° C +/- 10 ° C. The steel may be delivered in the uncoated condition or delivered with a coating which is essentially inorganic with resin additions and which can withstand annealing.	
320.33 c	Corus America, Inc.	A fully-processed, silicon bearing, non-oriented flat rolled electrical steel sheet. Applicable tariff codes are 7225.19.00.10 and 7226.19.00.10	A fully processed, silicon bearing, non-oriented, flat rolled electrical sheet steel, with a nominal thickness of 0.35 - 0.65 mm and with a maximum core loss of 2.35 -10.0 Watts per kg at 50 Hz and 1.5 Tesla, when tested on a 25 cm Epstein frame according to the method of IEC 60404-2, where half of the sample strips are taken in the longitudinal direction and half in the transverse direction, and with a restricted chemistry for electrical applications as carbon 0.005 % maximum, silicon 0.1-3.5 % and aluminium 0.05-1.0 %, supplied uncoated or coated with an organic and/or inorganic surface insulation with a smooth finish that provides currents of <0.03 up to 0.9 A when tested per ASTM A 717 / A717M on a Franklin tester and which is capable of withstanding stress relieving temperatures without impairing surface insulation and with an intermittent temperature capability of 450-850 degrees centigrade in inert gaz as well as a continuous temperature capability of 180-230 degrees centigrade in air, and supplied in widths of 10-1250mm.	Non-oriented electrical steel and /or silicon-electrical steel.

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description of the Good	Requester's Proposed Wording	Tribunal's Recommendations for Exclusion
320.34 a	NKK Corporation	Non-oriented, high silicon magnetic steel (NOES) sheet product containing from 4 to 7 percent silicon, (conventional magnetic steel has a silicon content of less than 3 percent). This NOES is used mainly for power generator applications. This product was developed in order to increase efficiency of power generators by controlling heat generation (core loss) at extremely low levels. Harmonized Tariff Number 7226.19.00.10, 7226.92.90.19	Non-oriented, high silicon magnetic steel sheet.	Non-oriented, high silicon magnetic steel sheet product containing from 4 to 7 percent silicon.
320.34 b	NKK Corporation	Non-oriented, high silicon magnetic steel (NOES) product. This product is fully processed and is usable punched or sheared. It is characterized by almost uniform magnetic properties in any direction of the strip. Harmonized Tariff Number 7226.19	Non-oriented magnetic steel sheet with surface insulation.	Non-oriented magnetic steel sheet with surface insulation, fully processed and usable punched or sheared.
320.35 a	General Motors of Canada Ltd.	CR - High Strength Low Alloy Sheet - >= 410/060 XLK/XLF grades	CR – High Strength Low Alloy Sheet >= 410/060 XLK/XLF Grades	Cold-rolled high strength low alloy sheet >= 410/060 XLK/XLF Grades
320.35 b	General Motors of Canada Ltd.	Cold-rolled – Dent Resistant Steel - Grades; 180P and 210P	Cold-rolled – Dent Resistant Steel - Grades; 180P and 210P	Cold-rolled dent resistant steel of grades 180P and 210P
320.35 c	General Motors of Canada Ltd.	Cold-rolled - Grade 3 Surface Critical "Exposed Quality"	Cold-rolled - Grade 3 Surface Critical "Exposed Quality"	Cold-rolled coil of the following description: GR 3 specified finish surface roughness 15.135. Chemical composition: C.08 max Mn .50 max S.020 max AL.02 min critical exposed quaker 61 AUS oil, known as GMC GM6409M Rev B. Size .(0710" + 0.004) x 54.25" x coil See Tribunal Exhibit No. GC-2001-001-320.04 e.

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description of the Good	Requester's Proposed Wording	Tribunal's Recommendations for Exclusion
		Angles, Shapes and Sections		
350.06 a	Caterpillar of Canada Ltd.	Alloy Track Shoe Bar: Track shoe profile bars of alloy steel, of a width of 150 mm or more but not exceeding 400 mm, having a single grouser height of 40 mm or more but not exceeding 130 mm, or double or triple grousers with heights of 15 mm or more but not exceeding 110 mm, suitable for use in the manufacture of track shoes for track laying machinery or vehicles. HSC Code: 7228.70.10.90.	Alloy Track Shoe Bar: Track shoe profile bars of alloy steel, of a width of 150 mm or more but not exceeding 400 mm, having a single grouser height of 40 mm or more but not exceeding 130 mm, or double or triple grousers with heights of 15 mm or more but not exceeding 110 mm, suitable for use in the manufacture of track shoes for track laying machinery or vehicles.	Track shoe profile bars of alloy steel, of a width of 150 mm or more but not exceeding 400 mm, having a single grouser height of 40 mm or more but not exceeding 130 mm, or double or triple grousers with heights of 15 mm or more but not exceeding 110 mm, suitable for use in the manufacture of track shoes for track laying machinery or vehicles. See Tribunal Exhibit No. GC-2001-001-350.12 c.
350.06 b	Caterpillar of Canada Ltd.	Carbon Track Bar: Track shoe profile bars of carbon steel, of a width of 150 mm or more but not exceeding 300 mm, having a single grouser height of 40 mm or more but not exceeding 100 mm, or double or triple grousers with heights of 15 mm or more but not exceeding 60 mm, suitable for use in the manufacture of track shoes for track laying machinery or vehicles. HSC Code: 7216.50.90.00.	Carbon Track Bar: Track shoe profile bars of carbon steel, of a width of 150 mm or more but not exceeding 300 mm, having a single grouser height of 40 mm or more but not exceeding 100 mm, or double or triple grousers with heights of 15 mm or more but not exceeding 60 mm, suitable for use in the manufacture of track shoes for track laying machinery or vehicles.	Track shoe profile bars of carbon steel, of a width of 150 mm or more but not exceeding 300 mm, having a single grouser height of 40 mm or more but not exceeding 100 mm, or double or triple grousers with heights of 15 mm or more but not exceeding 60 mm, suitable for use in the manufacture of track shoes for track laying machinery or vehicles.
350.06 c	Caterpillar of Canada Ltd.	Caterpillar designed double and single bevelled, flat profiles of hot-rolled alloy steel in shapes for production of cutting edges used on ground engaging tools attached to construction equipment blades and shovels of the following dimensions: Thickness (mm) — Width (mm) 45 — 254 12.7 — 235 25 — 245	Caterpillar designed double and single bevelled, flat profiles of hot-rolled alloy steel in shapes for production of cutting edges used on ground engaging tools attached to construction equipment blades and shovels of the following dimensions: Thickness (mm) — Width (mm) 45 — 254 12.7 — 235 25 — 245	Caterpillar designed double and single bevelled, flat profiles of hot-rolled alloy steel in shapes for production of cutting edges used on ground engaging tools attached to construction equipment blades and shovels of the following dimensions: Thickness (mm) — Width (mm) 45 — 254 12.7 — 235 25 — 245

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description of the Good	Requester's Proposed Wording	Tribunal's Recommendations for Exclusion
		32 282 40 300 44.5 304.8 35 482.5 45 482.5 40 482.5 HTS Code: 7225.70.10.90.	32 282 40 300 44.5 304.8 35 482.5 45 482.5 40 482.5 HTS Code: 7225.70.10.90.	32 282 40 300 44.5 304.8 35 482.5 45 482.5 40 482.5 Imported under H.S. Code: 7225.70.10.90.
350.08 a	TradeARBED Canada Inc.	I Section American Standard of a height of 80 mm or more but not exceeding 152.4 mm, Tariff No. 7216.32.90.10	I Section American Standard of a height of 80 mm or more but not exceeding 152.4 mm. I beams size S4"x7.7, S5"x10, S6"x12.5.	I Sections, American Standard of a height of 80 mm or more but not exceeding 152.4 mm. I beams size S4"x7.7, S5"x10, S6"x12.5.
350.08 b	TradeARBED Canada Inc.	Commonly known as Wide Flange Beams Tariff: 7216.33.90.11 Description: H-Section 4"x4"@13lbs, 5"x5"@16lbs, 5"x5"@19lbs, 6"x4"@9lbs Tariff: 7216.33.90.12 Description: H-Section 6"x4"@12lbs, 6"x6"@15lbs, 6"X6"@20lbs 6"x6"@25lbs Tariff: 7216.33.90.20 Description: I-Section 6"x4"@16lbs	H & I Sections, commonly known as Wide Flange Beams of the following tariff numbers and description: Tariff: 7216.33.90.11 Description: H-Section 4"x4"@13lbs, 5"x5"@16lbs, 5"x5"@19lbs, 6"x4"@9lbs Tariff: 7216.33.90.12 Description: H-Section 6"x4"@12lbs, 6"x6"@15lbs, 6"X6"@20lbs 6"x6"@25lbs Tariff: 7216.33.90.20 Description: I-Section 6"x4"@16lbs	H Sections of the following description: 4"x4"@13lbs, 5"x5"@16lbs, 5"x5"@19lbs, 6"x4"@9lbs 6"x4"@12lbs, 6"x4"@16lbs, 6"x6"@15lbs, 6"X6"@20lbs 6"x6"@25lbs I Sections of the following description: 6"x4"@16lbs, 3"@5.71bs, 4"@7.71bs and 5"@101bs
350.08 c	TradeARBED Canada Inc.	Commonly known as Channel Tariff: 7216.31.90.21 Description: U-Section, American Standard C15 x 33.9 lbs, C15 x 40 lbs, C15 x 50 lbs.	Tariff: 7216.31.90.21 Description: U-Section, American Standard : C15 x 33.9 lbs, C15 x 40 lbs, C15 x 50 lbs.	U-Sections, American Standard : C15 x 33.9 lbs, C15 x 40 lbs, C15 x 50 lbs. Imported under tariff number 7216.31.90.21
350.08 d	TradeARBED Canada Inc.	Commonly known as Structural Equal Angle Tariff: 7216.40.00.12 Description: L or T Sections 8x8 x 7/8 & 8 x 8 x 1-1/8	L-Sections, commonly known as Equal Angle with the following tariff number and description: Tariff: 7216.40.00.12, Description: L or T Sections 8 x 8 x 7/8 & 8 x 8 x 1 -1/8	L-Sections, commonly known as Equal Angle of the following description: L or T Sections 8 x 8 x 7/8 & 8 x 8 x 1 -1/8. Imported under H.S. Code 7216.40.00.12

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description of the Good	Requester's Proposed Wording	Tribunal's Recommendations for Exclusion
350.09 a	Wirth Steel	Wide Flange Beams or H Beams Specifications: 4"x4"@13lbs, 5"x5"@16lbs, 5"x5"@19lbs, 6"x4"@9lbs, 6"x4"@12lbs, 6"x4"@16lbs, 6"x6"@15lbs, 6"X6"@20lbs and 6"x6"@25lbs	Wide Flange Beams or H Beams in the following sizes/weights per foot: 4"x4"@13lbs, 5"x5"@16lbs, 5"x5"@19lbs, 6"x4"@9lbs, 6"x4"@12lbs, 6"x4"@16lbs, 6"x6"@15lbs, 6"X6"@20lbs and 6"x6"@25lbs	H Sections of the following description: 4"x4"@13lbs, 5"x5"@16lbs, 5"x5"@19lbs, 6"x4"@9lbs 6"x4"@12lbs, 6"x4"@16lbs, 6"x6"@15lbs, 6"X6"@20lbs 6"x6"@25lbs
350.09 b	Wirth Steel	Standard I Beams Specifications: 3"@5.71bs, 4"@7.71bs and 5"@101bs	Standard 1 Beams in sizes/weights per foot - 3"@5.71bs, 4"@7.71bs and 5"@101bs	I Sections of the following description: 6"x4"@16lbs, 3"@5.71bs, 4"@7.71bs and 5"@101bs
350.10	Thyssen Canada Ltd.	Wide Flange Beams or H Beams- 4" and Heavier.	Wide Flange Beams or H Beams- 4" and Heavier.	H Sections of the following description: 4"x4"@13lbs, 5"x5"@16lbs, 5"x5"@19lbs, 6"x4"@9lbs 6"x4"@12lbs, 6"x4"@16lbs, 6"x6"@15lbs, 6"X6"@20lbs 6"x6"@25lbs
350.11 a	Salzgitter Trade Inc.	Sections of Iron or Non-Alloy Steel, I – Sections HS Numbers - 7216.32.10.10 and 7216.32.90.10	Hot-rolled Carbon Steel shapes known as I - Beams	I Sections of the following description: 6"x4"@16lbs, 3"@5.71bs, 4"@7.71bs and 5"@101bs
350.11 b	Salzgitter Trade Inc.	4", 5" and 6" Wide Flange Beams and H - Sections 7216.33.90.11 and 7216.33.90.12	Hot-rolled carbon steel shapes known as H - Sections or H - Beams of a Height not exceeding 152.4 mm should be excluded.	H Sections of the following description: 4"x4"@13lbs, 5"x5"@16lbs, 5"x5"@19lbs, 6"x4"@9lbs 6"x4"@12lbs, 6"x4"@16lbs, 6"x6"@15lbs, 6"X6"@20lbs 6"x6"@25lbs
350.12 a	Corus America Inc.	Very large structural steel angles to standard Canadian specifications such as G40.21 44W and others, as may be required for a specific end use, that are not within the made in Canada size range and are imported under Harmonized tariff codes: 7216.40.00.22 7216.40.00.12	Hot-rolled structural angles of equal and unequal leg length in the following inch sizes: 6x6x5/8 6x6x¾ 6x6x13/16 8x4x1/2 8x4x3/8 8x6x1/2 8x6x3/4 8x8x1/2 8x8x5/8 8x8x3/4 8x8x13/16 8x8x1 9x9x1 1/8 or in mm sizes as follows: 150x150x16 150x150x19 150x150x21 200x100x13 200x100x10 200x150x13 200x150x19 200x200x13 200x200x16 200x200x19 200x200x21 200x200x25 228x228x32 250x250	Hot-rolled structural angles of equal and unequal leg length in the following inch sizes: 6x6x13/16 8x4x1/2 8x4x3/8 8x6x1/2 8x6x3/4 8x8x5/8 8x8x3/4 8x8x13/16 8x8x1 9x9x1 1/8 or in mm sizes as follows: 150x150x21 200x100x13 200x100x10 200x150x13 200x150x19 200x200x13 200x200x19 200x200x21 200x200x25 228x228x32

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description of the Good	Requester's Proposed Wording	Tribunal's Recommendations for Exclusion
350.12 b	Corus America Inc.	Automotive Wheel Rims. Dimension 1 from 39.3mm to 317mm Dimension 2 from 30mm to 77.73mm Dimension 3 from 4.75mm to 16.15mm Harmonized tariff codes; 7216.50.90.00 9959.00.00 for automotive	Hot-rolled steel shapes or sections having single or multiple legs with straight and curved segments of equal and unequal length, having differential cross sectional thickness in dimensions from 4.75mm to 317mm and a mass from 1.15kg/m to 56.1kg/m. for use in the manufacture of heavy vehicle wheel rims.	Hot-rolled steel shapes or sections having single or multiple legs with straight and curved segments of equal and unequal length, having differential cross sectional thickness in dimensions from 4.75mm to 317mm and a mass from 1.15kg/m to 56.1kg/m. for use in the manufacture of heavy vehicle wheel rims.
350.12 c	Corus America Inc.	Specially designed to resist high abrasive wear, impact loading, and deformation in use. Single Grousers Dimension 1 from 179mm to 368mm Dimension 2 from 63mm to 125.5mm Dimension 3 from 9.13mm to 24.5mm Double Grousers Dimension 1 from 197mm to 306mm Dimension 2 from 38mm to 102mm Dimension 3 from 11mm to 28mm Triple Grousers Dimension 1 from 173mm to 255mm Dimension 2 from 26.92mm to 49.5mm Dimension 3 from 7.87mm to 20mm Harmonized tariff codes; 7228.70.10.83 7228.70.10.90 7216.50.10.30 7216.50.90.00	Carbon Track Bar Track shoe profile bars of steel, of a width of 150mm or more but not exceeding 400mm, having a single grouser of a height of 40mm or more but not exceeding 130mm, or double or triple grousers with heights of 15mm or more but not exceeding 110mm, suitable for use in the manufacture of track shoes for track-laying machinery or vehicles. Alloy Track Bar Track shoe profile bars of steel, of a width of 150mm or more but not exceeding 400mm, having a single grouser of a height of 40mm or more but not exceeding 130mm, or double or triple grousers with heights of 15mm or more but not exceeding 110mm, suitable for use in the manufacture of track shoes for track-laying machinery or vehicles.	Track shoe profile bars of carbon steel, of a width of 150 mm or more but not exceeding 400 mm, having a single grouser of a height of 40 mm or more but not exceeding 130 mm, or double or triple grousers with heights of 15 mm or more but not exceeding 110 mm, suitable for use in the manufacture of track shoes for track-laying machinery or vehicles. Track shoe profile bars of alloy steel, of a width of 150 mm or more but not exceeding 400 mm, having a single grouser of a height of 40 mm or more but not exceeding 130 mm, or double or triple grousers with heights of 15mm or more but not exceeding 110 mm, suitable for use in the manufacture of track shoes for track-laying machinery or vehicles. See Tribunal Exhibit GC-2001-001-350.06 a and 350.06 b.
350.12 d	Corus America Inc.	Earthmoving Bevel Flats. Special hot-rolled steel other shape or section having various edge configurations for manufacturing into "cutting edges",	Other angle, shape or section of alloy or non-alloy steel, not further worked than hot-rolled, of rectangular cross section, with bevels on either one or two corners, of a	Angles, shapes or sections of alloy or non-alloy steel, not further worked than hot-rolled, of rectangular cross section, with a bevel on one corner, of a width from

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description of the Good	Requester's Proposed Wording	Tribunal's Recommendations for Exclusion
		Single Bevel Flats Dimension 1 from 245mm to 305mm Dimension 3 from 25mm to 44.5mm Angle a is 22° 37' Harmonized tariff codes; 7228.70.10.89 7228.70.90.89 7216.50.10.20 7216.50.90.00	width from 245mm to 305mm, in thickness from 25mm to 44.5mm, and mass from 20 kg/m to 190kg/m for the manufacture of cutting edges for front end shovel loader buckets and hydraulic excavating buckets.	245mm to 305mm, in thickness from 25mm to 44.5mm, and mass from 20 kg/m to 190kg/m for the manufacture of cutting edges for front end shovel loader buckets and hydraulic excavating buckets.
350.12 e	Corus America Inc.	Earthmoving Bevel Flats. Special hot-rolled steel flat shapes having various edge configurations for manufacturing into "cutting edges". Double Bevel Flats Dimension 1 from 203mm to 483mm Dimension 3 from 12.7mm to 60mm Angle a can be 22.5°, 25° or 35° Harmonized tariff codes; 7228.70.10.89 7228.70.90.89 7216.50.10.20 7216.50.90.00 (Note the 235 reversed bevel 1 E2206 has the bevels on diametrically opposite corners on the same flat side - i.e. not on the same flat side)	Other angle, shape, or section of alloy or non-alloy steel, not further worked than hot-rolled, of rectangular cross section, with bevels on two corners, of a width from 203mm to 483mm, in thickness from 12.7mm to 60mm, and mass from 20kg/m to 190kg/m for the manufacture of cutting edges for bulldozer or angle dozer blades, front end shovel loader buckets, combination excavating and transporting scrapers, road graders or road scrapers.	Angles, shapes, or sections of alloy or non-alloy steel, not further worked than hot-rolled, of rectangular cross section, with bevels on two corners, of a width from 407mm to 483mm, in thickness from 12.7mm to 60mm, and mass from 20kg/m to 190kg/m for the manufacture of cutting edges for bulldozer or angle dozer blades, front end shovel loader buckets, combination excavating and transporting scrapers, road graders or road scrapers.
350.12 f	Corus America Inc.	Spigots and Pipe Joints Special hot-rolled shapes used as pipe Joints Spigots and Harness Clamp Dimension 1 from 34.9mm to 203.2mm Dimension 2 from 14.3mm to 31.75mm Dimension 3 from 3.78mm to 20.6mm Harmonized tariff codes: 7216.50.90.00	Hot-rolled steel shapes or sections of an L, T or other type profile with leg lengths from 34.9mm to 203.2mm and 14.3mm to 31.75mm with leg thickness from 4.8m to 16.7mm and mass from 3.78kg/m to 17.58kg/m for use in the manufacture of pipe joining systems.	Hot-rolled steel shapes or sections of an L, T or other type profile with leg lengths from 34.9mm to 203.2mm and 14.3mm to 31.75mm with leg thickness from 4.8m to 16.7mm and mass from 3.78kg/m to 17.58kg/m for use in the manufacture of pipe joining systems.
350.12 g	Corus America Inc.	Special hot-rolled and cold drawn shapes that are manufactured into original equipment automotive door hinges. Dimension 1 from 93mm to 133.3mm Dimension 2 from 26mm to 70.3mm	Hot-rolled and cold-drawn steel shapes or sections having single or multiple legs with straight and curved segments of equal and unequal length, with bulbed leg ends or surfaces, having differential cross sectional	Hot-rolled and cold-formed or cold-finished steel shapes or sections having single or multiple legs with straight and curved segments of equal and unequal length, with bulbed leg ends or surfaces, having

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description of the Good	Requester's Proposed Wording	Tribunal's Recommendations for Exclusion
		Dimension 3 from 8mm to 20mm If these products were non-automotive, then harmonized tariff codes; 7216.50.90.00 9959 7216.69.00.00 9959 would apply. However, as the steel is for automotive hinges, they are properly classified under tariff code 9959.00.00. Tariff code 9959.00.00 is not included in the Tribunal's H.S. listings. Corus is seeking clarification of the excluded status of steel entitled to entry under tariff code 9959.00.00.	thickness from 8mm to 20mm, and a mass from 8.05kg/m to 28.50kg/m for use in the manufacture of automotive door hinges.	differential cross sectional thickness from 8mm to 20mm, and a mass from 8.05kg/m to 28.50kg/m for use in the manufacture of automotive door hinges.
350.12 h	Corus America Inc.	Fork Lift Truck Mast Profiles Special hot-rolled precision shapes manufactured with special straightness, finish, geometric tolerances, and performance characteristics. Web height from 115mm to 267mm Flange 1 height from 44.4mm to 127mm Web thickness from 10mm to 20mm The inside angle between the flange and the web is close to 90° (typically 89 - 93°) They resemble "in appearance only" either I beams, U channels, J's and offset J's. Harmonized tariff codes; 7216.32.90.10, 7216.50.90.00, 7216.32.10.10, 7216.32.10.20 7228.70.10.49, 7228.70.10.41, 7228.70.10.42, 7228.70.90.89, 7216.32.90.20	Hot-rolled steel shapes or sections of J, offset J, I, and U type profiles having a web height from 115mm to 267mm, a flange height from 44.4mm to 127.0mm a web thickness from 10mm to 20mm, and a mass from 22.50kg/m to 92.31kg/m for use in the manufacture of masts for fork lift truck units.	Hot-rolled steel shapes or sections of J, offset J, I, and U type profiles having a web height from 115mm to 267mm, a flange height from 44.4mm to 127.0mm, a web thickness from 10mm to 20mm, and a mass from 22.50kg/m to 92.31kg/m for use in the manufacture of masts for fork lift truck units.
350.12 i	Corus America Inc.	Hot-rolled steel special steel channels to CSA G40.21 44W and other specifications e.g. ship channels as required by the specific end use in dimensions from 4"(100mm) to	Hot-rolled steel channel shapes in the following heights and mass per lineal foot;4"@6.8 5"@9.94 6"@12.02 6"@16.08 7"@13.5 7"@17.5 8"@15.7 8"@19.95	Hot-rolled steel channel shapes in the following heights and mass per linear foot;4"@6.8 5"@9.94 6"@12.02 6"@16.08 7"@13.5 7"@17.5 8"@15.7 8"@19.95

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description of the Good	Requester's Proposed Wording	Tribunal's Recommendations for Exclusion
		17"(430mm) in height and mass per foot from 6.8# to 43.27#. Harmonized tariff codes: 7216.10.00.11, 7216.31.90.11, 7216.31.90.29 and 7216.31.90.19	9"@17.27 9"@21.63 9"@31.6 10 1/4" @18.54, 10 1/4"@23.38 11 13/16"@27.82, 11 13/16"@30.57 15"@36.28, 17"@43.27 or in mm sizes as follows; 100x50x10 125x65x15 150x75x18 150x90x24 180x75x20 180x90x26 200x75x23 200x90x30 230x75x26 230x90x32 260x75x28 260x90x35 300x90x41 300x100x45 380x100x54 430x100x54	9"@17.27 9"@21.63 9"@31.6 10 1/4" @18.54, 10 1/4"@23.38 11 13/16"@27.82, 11 13/16"@30.57 15"@36.28, 17"@43.27 or in mm sizes as follows; 100x50x10 125x65x15 150x75x18 150x90x24 180x75x20 180x90x26 200x75x23 200x90x30 230x75x26 230x90x32 260x75x28 260x90x35 300x90x41 300x100x45 380x100x54 430x100x54
350.12 j	Corus America Inc.	Shipbuilding Bulb Flats A highly engineered hot-rolled bulb flat steel shape (also referred to as Holland Profile) used by the shipbuilding industry as a plate stiffener profile, offering superior performance characteristics compared to other plate stiffener products that are of key importance to shipbuilders, including enhanced manufacturability, improved paintability. enhanced corrosion protection, reduced maintenance, improved lifecycle costs in the operation of a ship. Dimension 1 from 60mm to 430mm Dimension 2 from 13mm to 62.5mm Dimension 3 from 4mm to 20mm Harmonized tariff codes; 7216.50.10.10 7216.50.90.00	Special Profile of iron or non-alloy steel, not further worked than hot-rolled, hot-drawn or extruded, of width (height) 60mm to 430mm, plate thickness from 4mm to 20mm, a mass from 2.8lkg/m to 92.31kg/m, and having a semi-bulbous profile on one edge, the bulb having a height from 13mm to 62.5mm and an angle of 30° to the plate for use in the shipbuilding and ship repair industry.	Special profile of iron or non-alloy steel, not further worked than hot-rolled, hot-drawn or extruded, of width (height) 60mm to 430mm, plate thickness from 4mm to 20mm, a mass from 2.8lkg/m to 92.31kg/m, and having a semi-bulbous profile on one edge, the bulb having a height from 13mm to 62.5mm and an angle of 30° to the plate for use in the shipbuilding and ship repair industry.
350.12 k	Corus America Inc.	Agricultural Beater Bar Dimension 1 from 50.7mm Dimension 2 from 36mm Harmonized tariff codes; 9903.00.00 -	Hot-rolled steel shapes or sections of an obtuse angle profile having transverse raised ribs on one leg with leg lengths from 36.0mm to 50.7mm and mass of 4.90kg/m	Hot-rolled steel shapes or sections of an obtuse angle profile having transverse raised ribs on one leg with leg lengths from 36.0mm to 50.7mm and mass of 4.90kg/m

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description of the Good	Requester's Proposed Wording	Tribunal's Recommendations for Exclusion
		Articles and materials for use in the manufacture of threshing machines of heading 84.33.	for use in the manufacture of agricultural equipment.	for use in the manufacture of agricultural equipment.
350.12 l	Corus America Inc.	Mining Armour Face Conveyor Profiles Dimension 1 from 154mm to 251mm Dimension 2 from 73mm to 134mm Dimension 3 from 28mm to 33mm Harmonized tariff codes: 7216.50.90.00	Hot-rolled steel shapes or sections of U, V, or W profiles having curved and straight segments of equal and unequal length, in widths from 154mm to 251mm in heights from 73mm to 134mm, in centre thickness from 28.0mm to 33.0mm, and mass from 57.3kg/m to 84.81kg/m for use in the manufacturing of mining conveyors.	Hot-rolled steel shapes or sections of U, V, or W profiles having curved and straight segments of equal and unequal length, in widths from 154mm to 251mm in heights from 73mm to 134mm, in centre thickness from 28.0mm to 33.0mm, and mass from 57.3kg/m to 84.81kg/m for use in the manufacturing of mining conveyors.
350.12 m	Corus America Inc.	Earthmoving Bevel Flats. Special hot-rolled steel shapes having various edge configurations for manufacturing into "cutting edges" Wedge Edge (semi-arrowhead shapes) Dimension 1 from 203mm to 254mm Dimension 3 from 19.05mm to 40mm Angle a is 24.3° or 25° Harmonized tariff codes; 7228.70.10.89 7228.70.90.89 7216.50.10.20 7216.50.90.00	Other angle, shape or section of alloy or non-alloy steel, not further worked than hot-rolled, of semi-arrowhead cross section, of a width from 203mm to 254mm, in thickness from 19.05mm to 40mm, and mass from 20kg/m to 190kg/m for the manufacture of cutting edges for front end shovel loader buckets and hydraulic excavating buckets.	Angles, shapes or sections of alloy or non-alloy steel, not further worked than hot-rolled, of semi-arrowhead cross section, of a width from greater than 203.2 mm (8 inches) to 254 mm (10 inch), in thickness from 19.05mm to 40mm, and mass from 20kg/m to 190kg/m for the manufacture of cutting edges for front end shovel loader buckets and hydraulic excavating buckets.
		Reinforcing Bars		
370.02 a	Ferrostaal Metals Ltd.	Hot-rolled Deformed Carbon or low Alloy Steel concrete reinforcing bar in coils. HS codes: 7213.10.00.00 and 7213.14.20.00.00	Hot-rolled Deformed Carbon or low Alloy Steel concrete reinforcing bar in coils.	Hot-rolled deformed carbon or low alloy steel concrete reinforcing bar, of a diameter exceeding 16 mm, in coils.
370.02 b	Ferrostaal Metals Ltd.	Hot-rolled Deformed Carbon or low Alloy Steel concrete reinforcing bar in straight lengths and coil of a diameter exceeding 16 mm. HS codes: 7213.10.00.00 and 7213.14.20.00.00	Hot-rolled Deformed Carbon or low Alloy Steel concrete reinforcing bar in coils and straight lengths of a diameter exceeding 16 mm.	Hot-rolled deformed carbon or low alloy steel concrete reinforcing bar, of a diameter exceeding 16 mm, in coils.

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description of the Good	Requester's Proposed Wording	Tribunal's Recommendations for Exclusion
Standard Pipe				
380.01	Intermetalink Corp.	7306.30.90.29 DIA $^{3}/_{8}$" x 0.080" wall	Other tubes pipes and hollow profile	Standard pipe with a diameter $^{3}/_{8}$" x 0.080" wall for the manufacturing of "Thermic-Lance pipe" imported under the H.S. Code 7306.30.90.29
380.02	Protin Import Ltd.	E.R.W. Steel Pipe, ASTM A 135 or A 795, non-threadable in 1 $^{1}/_{4}$", 1 $^{1}/_{2}$", 2", 2 $^{1}/_{2}$", 3" N.D. x .076" wall thickness, 4" N.D. x .086" wall thickness, threadable in 1", 1 $^{1}/_{4}$", 1 $^{1}/_{2}$", 2" N.D. x .093"-.140" wall thickness H.S. 7306.30.29 Tariff Number	Light walled welded steel pipe for sprinkler installations	Light walled welded steel pipe for sprinkler installations described as E.R.W. Steel Pipe, ASTM A 135 or A 795, non-threadable in 1 $^{1}/_{4}$", 1 $^{1}/_{2}$", 2", 2 $^{1}/_{2}$", 3" N.D. x .076" wall thickness, 4" N.D. x .086" wall thickness, threadable in 1", 1 $^{1}/_{4}$", 1 $^{1}/_{2}$", 2" N.D. x .093"-.140" wall thickness
380.04	Ferrostaal Metals Ltd.	Hot-rolled Carbon Steel Seamless Pipe over 7" O.D. included in heading 7304.	Hot-rolled Carbon Steel Seamless Pipe over 7" O.D. included in heading 7304.	A106 seamless pipe, in sizes less than ½" O.D. and greater than 4 ½" O.D.
380.05	Alberta Pressure Vessel Manufacturers' Association	carbon steel pipe made to ASME specifications SA106, grades B or C, or any equivalent specifications in either ASME or other recognized designation systems or standards, imported in lengths of 50 feet or more, for use in the manufacture of oilfield steam generators. HS Tariff Classification (10-DIGIT)): 7304.39.20.10	SA106, grades B or C, or any equivalent specifications in either ASME or other recognized designation systems or standards, imported in lengths of 50 feet or more, for use in the manufacture of oilfield steam generators.	Carbon steel standard pipe made to ASME specifications SA106, grades B or C, or any equivalent specifications in either ASME or other recognized designation systems or standards, imported in lengths of 50 feet or more, for use in the manufacture of oilfield steam generators imported under the Harmonized Tariff Number 7304.39.20.10
380.06 a	United States Steel International	Seamless Standard Pipe over 6" O.D.	Seamless Standard Pipe over 6" O.D.	A106 seamless pipe, in sizes less than ½" O.D. and greater than 4 ½" O.D
380.08	European Steel Tube Association	All seamless pipe and tube (including A106) other than that produced to ASTM specifications A53; A252; A589 and A795.	All seamless pipe and tube (including A106) other than that produced to ASTM specifications A53; A252; A589 and A795.	A106 seamless pipe, in sizes less than ½" O.D. and greater than 4 ½" O.D.

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description of the Good	Requester's Proposed Wording	Tribunal's Recommendations for Exclusion
380.09	Vallourec	All seamless pipe and tube (including A106) other than that produced to ASTM specifications A53; A252; A589 and A795.	All seamless pipe and tube (including A106) other than that produced to ASTM specifications A53; A252; A589 and A795.	A106 seamless pipe, in sizes less than ½" O.D. and greater than 4 ½" O.D.
380.10	Vallourec & Mannesmann Tubes	All seamless pipe and tube (including A106) other than that produced to ASTM specifications A53; A252; A589 and A795.	All seamless pipe and tube (including A106) other than that produced to ASTM specifications A53; A252; A589 and A795.	A106 seamless pipe, in sizes less than ½" O.D. and greater than 4 ½" O.D.
380.11	Benteler Steel & Tube Corporation	All seamless pipe and tube including ASTM A106 other than those specified to ASTM specification A53 / A252 / A589 and A795.	All seamless pipe and tube including ASTM A106 other than those specified to ASTM specification A53 / A252 / A589 and A795.	A106 seamless pipe, in sizes less than ½" O.D. and greater than 4 ½" O.D.
380.13	Western International Forest Products Inc.	Technical Description: Lightwall sprinkler pipe that meets the requirements of ASTM A135 and/or A795 with the following dimensions: non-threadable - nominal size of 1 $^1/_4$ in. and wall thickness of 0.076 in.; nominal size of 1 $^1/_2$ in. and a wall thickness of 0.076 in.; nominal size of 2 in. and wall thickness of 0.076 in.; nominal size of 2 $^1/_2$ in. and wall thickness of 0.076 in.; nominal size of 3 in. and wall thickness of 0.076 in.; and nominal size of 4 in. and wall thickness of 0.086 in.; and threadable - nominal size of 1 in. and wall thicknesses of 0.093 in. to 0.123 in.; nominal size of 1 $^1/_4$ in. and wall thicknesses of 0.093 in. to 0.131 in.; nominal size of 1 $^1/_2$in. and wall thicknesses of 0.098 in. to 0.135 in.; and nominal size of 2 in. and wall thicknesses of 0.103 in. to 0.140 in.; and	An exclusion is requested for lightwall sprinkler pipe that meets the requirements of non-threadable – nominal size of 1 $^1/_4$ in. and wall thickness of 0.076 in.; nominal size of 1 ½ in. and a wall thickness of 0.076 in.; nominal size of 2 in. and wall thickness of 0.076 in.; nominal size of 2 $^1/_2$ in. and wall thickness of 0.076 in.; nominal size of 3 in. and wall thickness of 0.076 in.; and nominal size of 4 in. and wall thickness of 0.086 in.; and threadable – nominal size of 1 in. and wall thicknesses of 0.093 in. to 0.123 in.; nominal size of 1 $^1/_4$ in. and wall thicknesses of 0.093 in. to 0.131 in.; nominal size of 1 $^1/_2$in. and wall thicknesses of 0.098 in. to 0.135 in.; and nominal size of 2 in. and wall thicknesses of 0.103 in. to 0.140 in.; and subject to the condition that the pipe be stencilled to indicate that it is approved by	Lightwall sprinkler pipe that meets the requirements of ASTM A135 and/or A795 with the following dimensions: non-threadable - nominal size of 1 $^1/_4$ in. and wall thickness of 0.076 in.; nominal size of 1 $^1/_2$ in. and a wall thickness of 0.076 in.; nominal size of 2 in. and wall thickness of 0.076 in.; nominal size of 2 $^1/_2$ in. and wall thickness of 0.076 in.; nominal size of 3 in. and wall thickness of 0.076 in.; and nominal size of 4 in. and wall thickness of 0.086 in.; and threadable - nominal size of 1 in. and wall thicknesses of 0.093 in. to 0.123 in.; nominal size of 1 $^1/_4$ in. and wall thicknesses of 0.093 in. to 0.131 in.; nominal size of 1 $^1/_2$ in. and wall thicknesses of 0.098 in. to 0.135 in.; and nominal size of 2 in. and wall thicknesses of 0.103 in. to 0.140 in.; and subject to the condition that the pipe be

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description of the Good	Requester's Proposed Wording	Tribunal's Recommendations for Exclusion
		subject to the condition that the pipe be stencilled to indicate that it is approved by the Factory Mutual Research Organization and is listed by Underwriters' Laboratories, Inc. and Underwriters' Laboratories of Canada. Canadian Harmonized Tariff Classification: 7306.30.90.22 End Use: Sprinkler applications in commercial/industrial/institutional and highrise residential buildings where increased flow characteristics are needed for modern systems designs.	the Factory Mutual Research Organization and is listed by Underwriters' Laboratories, Inc. and Underwriters' Laboratories of Canada.	stencilled to indicate that it is approved by the Factory Mutual Research Organization and is listed by Underwriters' Laboratories, Inc. and Underwriters' Laboratories of Canada. Imported under H.S. Code: 7306.30.90.22
380.14 b	North-East Tubes Inc.	ASTM A106-99 Standard Specification for Seamless Carbon Steel for High Temperature Service. Size range: ¼" O.D. – 2 $^{3}/_{8}$" O.D. - all wall thicknesses (known as Pressure Tube in trade parlance.)	Seamless Steel Pipe, High Temperatures and Pressure Service, ASTM A106 Grade B, ¼" O.D.-2 $^{3}/_{8}$", all lengths.	A106 seamless pipe, in sizes less than ½" O.D. and greater than 4 ½" O.D.
380.14 c	North-East Tubes Inc.	ASTM A106-99 Standard Specification for Seamless Carbon Steel for High Temperature Service. Size range: 8 $^{5}/_{8}$" – 16" O.D. - all wall thicknesses (known as Pressure Tube in trade parlance.)	Seamless Steel Pipe, High Temperatures and Pressure Service, ASTM A106 Grade B, *8.625" O.D.-16" O.D.; all lengths.	A106 seamless pipe, in sizes less than ½" O.D. and greater than 4 ½" O.D.
380.15	Summitomo Metal Industries Ltd.	Seamless Carbon and Alloy Standard Pipe over 6" and up to 16" O.D. Code: 7304399020	Seamless Carbon and Alloy Standard Pipe over 6" and up to 16" O.D.	A106 seamless pipe, in sizes less than ½" O.D. and greater than 4 ½" O.D.
380.16	Cap Products of Canada	$^{1}/_{8}$", $^{1}/_{4}$" & $^{3}/_{8}$" diameters of welded & seamless carbon & alloy steel pipe per all Harmonized System commodity codes listed by the Tribunal	Exclude $^{1}/_{8}$", $^{1}/_{4}$" & $^{3}/_{8}$" diameters of such pipe	Welded pipe and A106 seamless pipe in sizes less than ½"O.D., and A106 seamless pipe in sizes greater than 4 ½"O.D.

Note 1: Other alloy steel excludes flat-rolled products of iron or non-alloy steel but includes, for example, silicon electrical steel and high speed steel.

APPENDIX V

REQUESTS FOR WHICH THE TRIBUNAL DID NOT RECOMMEND TO EXCLUDE GOODS FROM ANY REMEDY

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description
		Discrete Plate
300.08 c	Titus Steel Company Limited	Hot-rolled abrasion resistant steel plate, in 3 and 4 millimeters thicknesses, manufactured under the trade name TITUS A/R and/or Creusabro, and imported under HS tariff code 7225.40.90.19 or 7208.53.00.10
300.11 a	United States Steel International	Plate high strength low alloy ASTM A709 Gr. HPS-485 F2 FCM Quench and temper Charpy V-Notch longitudinal impact tests Thickness- 3/8" and heavier Width- 72" and wider (HS classification # Tariff 7208.51)
300.11 c	United States Steel International	Plate carbon ASME SA516 Gr. 70 PVQ normalized plate. Thickness- 3/8" and heavier Width- 72" and wider (HS classification # 7208.51)
300.12	Automotive Parts Manufacturers' Association	All goods produced in the United States and Mexico
300.14	Carbon Steel Profiles Ltd.	Steel plate product range of 3 ½ " to 5".
300.16 a	ThyssenKrupp Steel North America Inc.	Wear-resistant special structural steel, hot-rolled, alloy, not in coils; thickness ranging from 3mm-100mm; chemical composition of Carbon, .20-.28% max., by weight; Silicon, .80% max., by weight; Manganese, 1.50% max., by weight; Phosphorus, .025% max., by weight; Sulphur, .01% max., by weight; Chromium, 1.0% max., by weight; Molybdenum, .50% max., by weight; Boron, .005% max., by weight; yield strength ranging from 1050-1300 MPa (N/mm^2) and tensile strength from 1250-1600 MPa (N/mm^2); 7225.40.90.91, 7225.40.90.92, 7225.40.90.93, 7225.40.90.94
300.16 b	ThyssenKrupp Steel North America Inc.	Quenched and tempered special structural steel, hot-rolled, alloy, not in coils; thickness ranging from 3mm-100mm; chemical composition of Carbon, .20% max., by weight; Silicon, .80% max., by weight; Manganese, 1.60% max.,

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description
		by weight; Phosphorus, .02% max., by weight; Sulphur, .01% max., by weight; Chromium, 1.5% max., by weight; Molybdenum, .60% max., by weight; yield strength ranging from 530-690 MPa (N/mm^2) and tensile strength from 640-940 MPa (N/mm^2); 7225.40.90.91, 7225.40.90.92, 7225.40.90.93, 7225.40.90.94
300.16 c	ThyssenKrupp Steel North America Inc.	Quenched and tempered special structural steel, hot-rolled, alloy, not in coils; thickness ranging from 3mm-100mm; chemical composition of Carbon, .20% max., by weight; Silicon, .80% max., by weight; Manganese, 1.60% max., by weight; Phosphorus, .02% max., by weight; Sulphur, .01% max., by weight; Chromium, 1.5% max., by weight; Molybdenum, .60% max., by weight; yield strength ranging from 410-660 MPa (N/mm^2); 7225.40.90.91, 7225.40.90.92, 7225.40.90.93, 7225.40.90.94
300.17 a	Ferrostaal Metals Limited	Hot-rolled Carbon Steel Alloy Plate with grade/specs that exceed HSLA grades included in heading 7225
300.17 b	Ferrostaal Metals Limited	Hot-rolled Carbon Steel Plate with specifications requiring the use of ingots in the production process included in subheadings 7208.40 and 7208.51.
300.19 a	Salzgitter AG	Plate made to specifications A516 Grade 70 and SA 516 Grade 70 thicknesses 0.250 to 3.000 inches inclusive. 72085291, 72085191, 72085150, 72085130
300.19 b	Salzgitter AG	Hot-rolled Carbon Steel Plate made to specification Grade 300W thicknesses 0.250 to 3.000 inches inclusive. 72085130
300.19 c	Salzgitter AG	Plate made to specifications Grade 350 W thicknesses 0.375 - 1.000 inches. Hot-rolled Carbon Steel Plate made to specification 350W thicknesses 0.250 to 3.000 inches inclusive. 72085299,72085199,72085191,72085150 and 72085130
300.19 e	Salzgitter AG	Hot-rolled Carbon Steel Plate made to specification A 572 Grade 60 thicknesses 0.250 to 3.000 inches inclusive. 72085291,72085191 and 72085150
300.19 f	Salzgitter AG	Plate made to specifications A 572 GR 65 thicknesses 0,3125 - 0.750 inches Hot-rolled Carbon Steel Plate made to specification A 572 Grade 65 thicknesses 0.250 to 3.000 inches inclusive. 72254050 and 72254020
300.20	Price Steel Ltd.	Hot-rolled steel plates, HS Code 7208.52.90.91
300.22 m	SSAB Oxelosund AB	WELDOX 160. The symbol 160 reflects ksi yield strength.
300.23 f	Bethlehem Steel Corporation	Hot-rolled Carbon Steel Alloy Plate with grade/specs that exceed HSLA grades included in heading 7225.
300.23 h	Bethlehem Steel Corporation	Hot-rolled Carbon and Alloy Steel plate with specifications requiring the use of ingots in the production process included in subheadings 7208.40 and 7208.51.

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description
300.23 n	Bethlehem Steel Corporation	Steel plate – machinery grades, all thicknesses. Harmonized Tariff Number: 7225.40.90.22.
300.26 f	Cessco Fab. & Eng. Ltd.	PVQ Plate that is further treated than minimum specified to exhibit specific additional properties.
300.28 b	Au Dragon Forgé, Inc.	Discrete plates from United States steel mills.
300.30 a	NKK Corporation	High alloy plate ASTM A514 (HITEN) is produced with a quench and temper process to provide the plate surface with extra hardness in order to withstand strong impacts and abrasion. This product was developed for the mining industry which consumes virtually 100% of our exports to Canada. Harmonized Tariff Number 7208.51.99.93
300.30 b	NKK Corporation	EH (NKK-Everhard), abrasion resistant plate is the alloy version of NKK's quench and tempered (Q/T) abrasion resistant plate. The abrasion characteristic of Everhard is better than the Q/T plate. Harmonized Tariff Number 7225.40.90.93
		Cold-rolled Sheet and Coil
320.03	AK Steel Corporation	Cold-rolled: Greater than 72" in width H.S. Code: 7209
320.04 a	United States Steel International	CR sheet carbon SES Spec N3105A Spec DS Type B – Light matte finish lightly oiled Gauge range - .381mm - 3.34 mm min Width range – 686mm – 1829 mm min H.S. Classification – 7209.17
320.04 c	United States Steel International	Cold-rolled carbon coil for 1st operation blanks Chrysler MS-Steel IMS-67 change H 03 - Dec 1999 APVD EDDS unexposed oil Gauge - .030" min x 62.50" x 42.00"
320.05 b	Ispat Inland Inc.	Cold-rolled Motor Lamination Sheet Steel in Coils are extra low and ultra low carbon steels that exhibit magnetic characteristics such as low core loss and high permeability HS Code - 7209
320.05 g	Ispat Inland Inc.	Cold-rolled Steel suitable for porcelain enamel coating.
320.10 b	China Steel Corporation	High tensile strength and high formability micro alloy steel; designated as SPFC340 (modified), with the following characteristics: 1. Process Characteristics a) Steel making with BOF; RH degassing to obtain accurate chemical composition and good cleanness of steel; 100% continuous casting.

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description
		b) Hot-rolled: HSM with insulation cover and edge heater; finish temperature 890^0C coiling temperature: 565^0C to obtain desired microstructure at cold rolled stage. c) Cold-rolled: with high cold-rolled reduction rate 53-81% depending on thickness; electrolytic cleaning; batch annealing; and annealing temperature designated at 650^0C, to obtain good formability high strength steel. 2. Chemical Composition: Carbon content of 0.04 to 0.07%, by weight; manganese content of 0.40 to 0.55%, by weight; phosphorus content of 0.045 to 0.065%, by weight nitrogen content less than 0.005%, by weight 3. Mechanical properties: (Typical value for thickness 1MM) Yield stress: 207N/mm^2, tensile strength: 378 N/mm^2, elongation: 39%, N value: 0.219, R value: 1.59 4. Quality advantage: high tensile strength and high formability. Micro alloy steel have high stress and tensile strength, and good formability for bending or forming process. It is a sound material for automobile panel usage or forming parts.
320.10 c	China Steel Corporation	High tensile strength and high formability steel; designated as SPFC370 (modified), with the following characteristics: 1. Process Characteristics a) Steel making with BOF; RH degassing to obtain accurate chemical composition and good cleanness of steel; 100% continuous casting. b) Hot-rolled: HSM with insulation cover and edge heater; finish temperature 890 C coiling temperature: 560 C to obtain desired microstructure at cold rolled stage. c) Cold-rolled: with high cold-rolled reduction rate 56-84% depending on thickness; electrolytic cleaning, continuous annealing; and annealing temperature designated at 750 C, to obtain good formability high strength steel. 2. Chemical Composition: Carbon content of 0.05 to 0.08%, by weight; manganese content of 0.40 to 0.50%, by weight; phosphorus content less than 0.025, by weight; silicon content 0.10 to 0.20%, by weight; nitrogen content less than 0.005%, by weight 3. Mechanical properties: (Typical value for thickness 1MM) Yield stress: 285N/mm^2, tensile strength: 412N/mm^2, elongation: 37%, N value: 0.196 4. Quality advantage: high tensile strength and high formability steel have high stress and tensile strength, and good formability for bending or forming process. It is a sound material for automobile structural usage.
320.10 d	China Steel Corporation	High tensile strength and high formability steel; designated as SPFC390 (modified), with the following characteristics: 1. Process Characteristics a) Steel making with BOF; RH degassing to obtain accurate chemical composition and good cleanness of steel; 100% continuous casting. b) Hot-rolled: HSM with insulation cover and edge heater; finish temperature 890 C coiling temperature: 560 C to obtain desired microstructure at cold rolled stage.

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description
		c) Cold-rolled: with high cold-rolled reduction rate 56-84% depending on thickness; electrolytic cleaning, continuous annealing; and annealing temperature designated at 750 C, to obtain good formability high strength steel. 2. Chemical Composition: Carbon content of 0.05 to 0.08%, by weight; manganese content of 0.55 to 0.65%, by weight; phosphorus content less than 0.025, by weight; silicon content 0.10 to 0.20%, by weight; nitrogen content less than 0.005%, by weight 3. Mechanical properties: (Typical value for thickness 1.4MM) Yield stress: 283N/mm^2, tensile strength: 421N/mm^2, elongation: 37%, N value: 0.195 4. Quality advantage: high tensile strength and high formability steel have high stress and tensile strength, and good formability for bending or forming process. It is a sound material for automobile structural usage.
320.14	Union Steel Mfg. Co., Ltd.	Cold-rolled [CQ (commercial quality) ASTM A 366, D.O.S.(Dioctyl Sebacate) or D.O.S.A. treated]. HTS Numbers of the good for which our exclusion is requested are [7209169910,7209179110, and 7209260010].
320.15	Riverview Steel Co. Ltd.	Flat rolled products of iron or non-alloy steel, cold rolled (cold reduced) not clad, plated or coated. Not further worked than cold rolled. Harmonized tariff - 7211, chapter 7209, chapter 7225 & 7226 - alloy steel.
320.16	Automotive Parts Manufacturers' Association	CRSDQ, CRS 1008/1010
320.17	RZ Ladna Valavica and RZ Valavnica za lenti	Cold-rolled steel sheet
320.18 a	TradeARBED Canada Inc.	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, cold-rolled (cold reduced),not clad, plated or coated, other produced through a continuous annealing process. 72209900010, 7209900090
320.19 e	Thyssen Canada Ltd.	Cold-rolled enameling steel.
320.24 b	Usinor Canada Ltd.	Low-carbon cold-rolled steel sheet, in coil, in widths up to 61.8 inches included, suitable for vitreous porcelain enameling per ASTM A424 type 1 CS type B, fully de-carburized via open-coil annealing (ca), mill edge, and imported under tariff code 7225.50.90.
320.24 d	Usinor Canada Ltd.	Low-carbon cold-rolled steel sheet, in coil, in widths up to 61.8 inches included, suitable for vitreous porcelain enameling per ASTM A424 type3- CS type B, interstitial free / batch annealed, mill edge, and imported under tariff code 7225.50.90.
320.24 f	Usinor Canada Ltd.	Cold-rolled carbon steel, high-strength low-alloy, in coil, per ASTM A1008 HSLA-F grade 50, 50 ksi minimum yield, formable and imported under tariff code 7209.16.
320.25	Pohang Iron and Steel Co., Ltd. And Daewoo Canada Ltd.	Cold-rolled steel sheet products for use in the manufacture of passenger automobiles, buses, trucks, ambulances or hearses or chassis therefor, or parts thereof, accessories or parts thereof, for which the proper Harmonized System tariff item is 9959.00.00. Canadian Harmonized Tariff Classifications: 7209.18.10.10 7209.17.10.10 7209.16.10.10

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description
		7209.26.00.10 7209.27.00.10 7209.28.00.10 End Use: Automotive end-use.
320.32	Magna International	Cold-rolled steel sheet or coil for use in the manufacture of passenger automobiles, buses, truck, ambulances or hearses, or chassis thereof, or parts accessories or parts thereof.
		Angles, Shapes and Sections
350.01	Edscha of Canada	Grade – ASTM A 572 Grade 60 Yield - 415 MPa min (60,000 psi min) Tensile - 520 MPa min (75,000 psi min) Elong – 18 % min Chemistry – C (0.26% max), Mn (1.35% max), P (0.04% max), S (0.05% max) and Si (0.4% max) Tariff Number – 7216.69.00.00, T.C. 9959
350.02	Wilkinson Steel & Metals	Hot-rolled ship channel
350.04	INI Steel Company	H Sections, Harmonized Code 7216.33, not further worked than hot-rolled, hot-drawn or extruded, of a height of 80 mm or more.
350.05	China Iron & Steel Association and China Chamber of Commerce of Metals, Minerals and Chemicals Importers and Exporters	H sections, hot-rolled, hot-drawn or extruded, of a height of 80 mm or more, measurement standard ASTM A6-1998, steel type ASTM A36, ASTM A572, ASTM A992. Harmonized Tariff number 7216.33.00.
350.07	Automotive Parts Manufacturers' Association	
		Reinforcing Bars
370.01	CCC Steel GMBH	Reinforcing Bar. Tariff-No.: 7214.20.00.00.
370.03	China Iron and Steel Association	Containing indentations, ribs, grooves or other deformations produced during the rolling process or twisted after rolling; standard CAN/CSA-630, 18-M92; Harmonized Tariff Number 7214.20.00.

Note 1: Where the Tribunal has recommended that only part of a request be accepted those recommendations appear in Appendix IV.

APPENDIX VI

GOODS NOT COVERED BY THE INQUIRY

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description
		Discrete Plate
300.04	Macwin Steel	Carbon Steel Plate over 5" (127mm) thick HS CODE: 720851.
300.17 d	Ferrostaal Metals Limited	All Hot-rolled Carbon Steel Pressure Vessel Quality plate greater than 3.125" thick (79.375mm) included in tariff items: 72084010, 72085110, 72085191 and 72254010.
300.23 e	Bethlehem Steel Corporation	Clad plate all grades and sizes.
300.23 i	Bethlehem Steel Corporation	All Hot-rolled Carbon and Alloy Steel Pressure Vessel Quality plate greater than 3.125" thick (79.375mm) included in tariff items: 7208.40.10, 7208.51.10, 7208.51.91 and 7225.40.10.
300.24 f	Midland Steel Ltd.	Canadian Customs Tariff Schedule Tariff Item 7219.22.90.10 Technical Description Hot-rolled stainless steel 600mm to 1,830mm wide, 4.75mm to 10mm thick.
		Cold-rolled Sheet and Coil
320.01 c	BCL Magnetics	Flat-rolled products of other alloy steel, of a width of less than 600mm., cold rolled, of a thickness not exceeding 4.75mm - Containing 40% or more by weight of nickel and produced to specification ASTM A 753-85, for use in the manufacture of laminations or cores for telecommunication transformers. Tariff item 7226.92.10.00.
320.13	Unalloy-IWRC	Cold - rolled carbon steel perforated sheet HS7209900010
		Angles, Shapes and Sections
350.03	Nova Pole International Inc.	Rolled formed hollow structural sections HSS sizes 8"x8", 7"x7", 5"x5" and 4"x4", thickness from 0.313" to 6.188" to CSA G40.21M Grade 350 WT.
		Standard Pipe
380.03	Thyssen Canada Ltd.	High - frequency Induction weld (HFI) line pipe, Grade API 5L x80 – OD: 12 to 16 inch. Inclusive

Exhibit No. (GC-2001-001-)	Requester	Requester's Technical Description
380.06 b	United States Steel International	Wrought pipe / EW (Electric weld) STD GR.B /x42 TS GR.B A.53 API-5L GR.B Size range: 8 5/8"OD – 20"OD (H.S. Classification tariff # 7305.31)
380.06 c	United States Steel International	Pipe carbon SMLS std API 5L-42nd edition dated 1/00 PSI-2 grade B and x 42 ASTM A-53-99B ASTM A106-99 grade B Quad stencil ASME SA 53-2001 edition ASME SA 106-2001 edition grade B blk reg mill coat PE BEV 30 deg. meeting all the applicable requirements of NACE std. MR-01-75 2000 (H.S. Classification # 7304.39.30)
380.07	Nissho Iwai Canada Ltd.	This rectangular steel tubing requires to have high tensile strength and formability as below: Size: 44.0 x 20.0 x 3.2 x 484.0mm T.S. (Tensile Strength) — minimum 790 N/mm2 Y.P. (Yield Point) — minimum 710 N/mm2 EL (Elongation) — minimum 10%
380.12 a	Algoma Tubes Inc.	Seamless semi-finished tubes, commonly referred to as coupling stock, used in the production of couplings for oil country tubular goods (OCTG). These tubes would be imported exclusively for use in further processing into OCTG couplings, and imported under HS tariff item: 7304.39.10.00 Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel. —For blast furnaces for smelting iron ore; For use in the manufacture of cylinders for calendering, supercalendering or embossing paper or textiles; For use in the manufacture of drill pipe, casing or tubing, or fittings, couplings, thread protectors or nipples therefor, for natural gas or oil wells; For use in the manufacture of separators or treaters (water, oil, gas) for installation between the wellhead assembly or surface oil pumping unit and the field marketing valve at oil or natural gas wells; Tubes and pipes, centrifugally cast, with plain ends, having a wall thickness of 15.875 mm or more but not exceeding 63.5 mm, for use in the manufacture of rolls for paper-making machinery
380.12 b	Algoma Tubes Inc.	Seamless semi-finished tubes, commonly referred to as "green" tubes, used to produce tubular products which will meet one of the following American Petroleum Institute specifications: API 5CT, API 5D or API 5L, or equivalent specifications. These tubes would be imported exclusively for use in further processing into oil country tubular goods or line pipe, and imported under HS tariff item: 7304.39.10.00 Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel. —For blast furnaces for smelting iron ore; For use in the manufacture of cylinders for calendering, supercalendering or embossing paper or textiles; For use in the manufacture of drill pipe, casing or tubing, or fittings, couplings, thread protectors or nipples therefor, for natural gas or oil wells; For use in the manufacture of separators or treaters (water, oil, gas) for installation between the wellhead assembly or surface oil pumping unit and the field marketing valve at oil or natural gas wells; Tubes and pipes, centrifugally cast, with plain ends, having a wall thickness of 15.875 mm or more but not exceeding 63.5 mm, for use in the manufacture of rolls for paper-making machinery
380.14 a	North-East Tubes Inc.	ASTM A333 Grades 1 and 6 Seamless Pipe for use in low temperatures. Harmonized Tariff number 7304.10.10.00 or 7304.10.10.90.

APPENDIX VII

PARTICIPANTS

Party	Counsel / Representative
Domestic Producers	
Coalition of Canadian Steel Producers:	
Algoma Steel Inc.	Lawrence L. Herman Craig S. Logie Julie Thorburn Helena Jankovic Maxwell Leveson Monique Meloche, Student-at-Law Patrick Gleeson, Student-at-Law Cassels Brock & Blackwell LLP - and - Ronald C. Cheng Benjamin P. Bedard Osler, Hoskin & Harcourt LLP
Co-Steel Lasco, a division of Co-Steel Inc.	Lawrence L. Herman Craig S. Logie Julie Thorburn Helena Jankovic Maxwell Leveson Monique Meloche, Student-at-Law Patrick Gleeson, Student-at-Law Cassels Brock & Blackwell LLP
Dofasco Inc.	Lawrence L. Herman Craig S. Logie Julie Thorburn Helena Jankovic Maxwell Leveson Monique Meloche, Student-at-Law Patrick Gleeson, Student-at-Law Cassels Brock & Blackwell LLP - and - Steven K. D'Arcy Bennett Jones LLP

Party	**Counsel / Representative**
Gerdau MRM Steel	Lawrence L. Herman Craig S. Logie Julie Thorburn Helena Jankovic Maxwell Leveson Monique Meloche, Student-at-Law Patrick Gleeson, Student-at-Law Cassels Brock & Blackwell LLP
Gerdau Courtice Steel Inc.	Lawrence L. Herman Craig S. Logie Julie Thorburn Helena Jankovic Maxwell Leveson Monique Meloche, Student-at-Law Patrick Gleeson, Student-at-Law Cassels Brock & Blackwell LLP
IPSCO Inc.	Lawrence L. Herman Craig S. Logie Julie Thorburn Helena Jankovic Maxwell Leveson Monique Meloche, Student-at-Law Patrick Gleeson, Student-at-Law Cassels Brock & Blackwell LLP
Ispat Sidbec Inc.	Lawrence L. Herman Craig S. Logie Julie Thorburn Helena Jankovic Maxwell Leveson Monique Meloche, Student-at-Law Patrick Gleeson, Student-at-Law Cassels Brock & Blackwell LLP
Laurel Steel, a division of Harris Steel Limited	Lawrence L. Herman Craig S. Logie Julie Thorburn Helena Jankovic Maxwell Leveson Monique Meloche, Student-at-Law Patrick Gleeson, Student-at-Law Cassels Brock & Blackwell LLP

Party	Counsel / Representative
Slater Steel Inc.	Lawrence L. Herman Craig S. Logie Julie Thorburn Helena Jankovic Maxwell Leveson Monique Meloche, Student-at-Law Patrick Gleeson, Student-at-Law Cassels Brock & Blackwell LLP - and - Ronald C. Cheng Benjamin P. Bedard Osler, Hoskin & Harcourt LLP
Sorevco Inc.	Lawrence L. Herman Craig S. Logie Julie Thorburn Helena Jankovic Maxwell Leveson Monique Meloche, Student-at-Law Patrick Gleeson, Student-at-Law Cassels Brock & Blackwell LLP
Stelco Inc.	Lawrence L. Herman Craig S. Logie Julie Thorburn Helena Jankovic Maxwell Leveson Monique Meloche, Student-at-Law Patrick Gleeson, Student-at-Law Cassels Brock & Blackwell LLP
Domestic Producer (Non-Coalition):	
Algoma Tubes, Inc.	Geoffrey C. Kubrick Flavell Kubrick LLP
Other Parties	
A.G. der Dillinger Hüttenwerke	Denis Gascon Benoît Pepin Ogilvy Renault LLP
ACI Automotive Components Inc.	William (Bill) Verrall
Acier Wolff Canada Inc.	Victor Altmeyd President
Acindar S.A.	Alberto Antonio Uhart

Party	Counsel / Representative
ADF Group Inc.	Peter E. Kirby Vincent M. Routhier Fasken Martineau DuMoulin LLP
AK Steel Corporation - AK Tube LLC	Chris Hines Gordon LaFortune Grey, Clark, Shih and Associates, Limited
Aker Maritime Kiewit Contractors	Richard S. Gottlieb Darrel H. Pearson Jesse I. Goldman Michael G. Woods Shane Brown Gottlieb & Pearson - and – Peter W. Collins Introcana Trade Services Inc.
Alberta Pressure Vessel Manufacturers' Association	G. P. (Patt) MacPherson Naila Elfar Corporation House Ltd.
Arcelor	Denis Gascon Marc B. Duquette Richard A. Wagner Ogilvy Renault LLP
Ascometal (Groupe Lucchini)	Denis Gascon Ogilvy Renault LLP
Atlas Copco Rock Drills AB	Marcus Löfdahl Vice-President, Finance and Administration
Australian High Commission - Ottawa	H. E. Tony Hely Australian High Commissioner
Automotive Parts Manufacturers' Association	Gerald B. Fedchun President
Balli Klockner Canada Limited	Richard S. Gottlieb Darrel H. Pearson Jesse I. Goldman Michael G. Woods Shane Brown Gottlieb & Pearson - and – Peter W. Collins Introcana Trade Services Inc.

Party	Counsel / Representative
Barzelex Inc.	Denis Gascon Richard A. Wagner Dominique A. Nouvet Ogilvy Renault LLP
Benteler Stahl / Rohr GmbH	Dean Peroff Amsterdam & Peroff - and - Peter A. Magnus Magnus Trade Law
Benteler Steel & Tube Corporation	Rainer Behmer General Manager
Bethlehem Steel Corporation	Chris Hines Gordon LaFortune Grey, Clark, Shih and Associates, Limited
BHP Billiton Ltd.	Donald Goodwin Carol McGlennon James Hopkins Tracon Consultants Ltd.
BHP New Zealand Steel Limited	Donald Goodwin Carol McGlennon James Hopkins Tracon Consultants Ltd.
BHP Steel Americas, Inc.	Donald Goodwin Carol McGlennon James Hopkins Tracon Consultants Ltd.
Böhler-Uddeholm AG	Christopher J. Kent Barrister & Solicitor - and - Martin Goyette Robert C. Cassidy, Jr. Deirdre Maloney Wilmer, Cutler & Pickering
Bohler-Uddeholm Ltd.	Christopher J. Kent Barrister & Solicitor - and - Martin Goyette Robert C. Cassidy, Jr. Deirdre Maloney Wilmer, Cutler & Pickering

Party	Counsel / Representative
Borçelik Çelik Sanayii ve Ticaret A.Ş.	Victoria Bazan Barrister & Solicitor
Borusan Birleşik Boru Fab. A.Ş.	Victoria Bazan Barrister & Solicitor
Buderus Edelstahlwerke AG	Christopher J. Kent Barrister & Solicitor - and - Martin Goyette Robert C. Cassidy, Jr. Deirdre Maloney Wilmer, Cutler & Pickering
Buderus Specialty Steel Corp.	Christopher J. Kent Barrister & Solicitor - and - Martin Goyette Robert C. Cassidy, Jr. Deirdre Maloney Wilmer, Cutler & Pickering
Canadian Association of Moldmakers	Jamie Rivait President
Canadian Die Casters Association	Mark Straub President
Canadian Plastics Industry Association	Pierre Dubois President
Canadian Tooling and Machining Association	Ed Glover President
Castle Tubulars Inc.	Chris Hines Gordon LaFortune Grey, Clark, Shih and Associates, Limited
CCC Steel GmbH	Donald Goodwin Carol McGlennon James Hopkins Evgeny Pavlenko Tracon Consultants Ltd.
Çebi Metal Sanayi ve Ticaret A.Ş.	Victoria Bazan Barrister & Solicitor
Centro de Industriales Siderurgicos	Guillermo Moreno

Party	**Counsel / Representative**
Cessco Fabrication & Engineering Ltd.	G. P. (Patt) MacPherson Naila Elfar Corporation House Ltd.
China Chamber of Commerce of Metals, Minerals & Chemicals, Importers & Exporters	Dean Peroff Amsterdam & Peroff - and - Peter A. Magnus Magnus Trade Law - and - Jiangxiao (Athena) Hou Zelle, Hofmann, Voelbel, Mason & Gette LLP
China Iron and Steel Association	Dean Peroff Amsterdam & Peroff - and - Peter A. Magnus Magnus Trade Law - and - Jiangxiao (Athena) Hou Zelle, Hofmann, Voelbel, Mason & Gette LLP
China Steel Corporation	K. S. Hsu
Cogent Power Inc.	Peter Clark Sean Clark Sarah Baxter Grey, Clark, Shih and Associates, Limited
Colakoglu Metalurji A.Ş.	Victoria Bazan Barrister & Solicitor
Competition Bureau – Commissioner of Competition	André Lafond Civil Matters Branch
Companhia Siderúrgica Belgo-Mineira	Peter Clark Sean Clark Wallis Stagg Grey, Clark, Shih and Associates, Limited
Companhia Siderúrgica Nacional	Sean Clark John B. Currie Grey, Clark, Shih and Associates, Limited
Companhia Siderúrgica Paulista	Sean Clark John B. Currie Grey, Clark, Shih and Associates, Limited

Party	Counsel / Representative
Corus America Inc.	Peter Clark Sean Clark John B. Currie Wallis Stagg Grey, Clark, Shih and Associates, Limited
Corus Group plc	Peter Clark Sean Clark Sarah Baxter John B. Currie Wallis Stagg Grey, Clark, Shih and Associates, Limited
Dacro Industries Inc.	G. P. (Patt) MacPherson Naila Elfar Corporation House Ltd.
Daewoo Canada Ltd.	Mark N. Sills Alyson N. D'Oyley Heather Landymore Peter Sang-Ho Cho Macleod Dixon LLP - and - Anthony T. Eyton Trade Commissioner Consulting Service Inc.
Daewoo Corporation	Mark N. Sills Alyson N. D'Oyley Heather Landymore Peter Sang-Ho Cho Macleod Dixon LLP - and - Anthony T. Eyton Trade Commissioner Consulting Service Inc.
Delegation of the European Commission in Canada	Philippe Musquar Counsellor
Diler Iron and Steel Works Inc. & Yazici Iron and Steel Works Inc.	Victoria Bazan Barrister & Solicitor
Dongkuk Steel Mill Co., Ltd.	D. H. Kim Team Manager, Trade Affairs Team
Duferco	Marcello Calcagni
Earle M. Jorgensen Canada Inc.	Glenn A. Cranker Jason L. Gudofsky Stikeman Elliott

Party	Counsel / Representative
Edelstahl Witten-Krefeld GmbH	Christopher J. Kent Barrister & Solicitor - and - Martin Goyette Robert C. Cassidy, Jr. Deirdre Maloney Wilmer, Cutler & Pickering
Edmonton Exchanger & Manufacturing Ltd. / Edmonton Steel Plate	G. P. (Patt) MacPherson Naila Elfar Corporation House Ltd.
Ereğli Iron & Steel Works Co.	Victoria Bazan Barrister & Solicitor
European Steel Tube Association	Dean Peroff Amsterdam & Peroff - and - Peter A. Magnus Magnus Trade Law
Ferrolink Incorporated	Richard S. Gottlieb Darrel H. Pearson Jesse I. Goldman Michael G. Woods Shane Brown Gottlieb & Pearson - and - Peter W. Collins Introcana Trade Services Inc.
Ferrostaal Metals Ltd.	Donald Goodwin Carol McGlennon James Hopkins Evgeny Pavlenko Tracon Consultants Ltd.
Fletcher Steel Limited	Robert Hartley General Manager
Galvex Estonia OÜ	Andrew A. Bradley Bradley Trade Consulting - and - Mark P. Lunn Kay C. Georgi Coudert Brothers LLP
Government of Argentina	Minister Francisco Ferro

Party	Counsel / Representative
Government of New Zealand	H. E. Wade Armstrong High Commissioner
Habas Sinai ve Tibbi Gazlar Istihsal Endustrisi A.Ş.	Victoria Bazan Barrister & Solicitor
High Strength Plates & Profiles Inc.	Alan Siegal Kestenberg Siegal Lipkus
Highveld Steel and Vanadium Corporation Limited	Donald Goodwin Carol McGlennon James Hopkins Tracon Consultants Ltd.
Hoesch Hohenlimburg GmbH	Donald Goodwin Carol McGlennon James Hopkins Tracon Consultants Ltd.
Honda of Canada Mfg., a division of Honda Canada Inc.	Donald Goodwin Carol McGlennon Evgeny Pavlenko Tracon Consultants Ltd.
Husky Injection Molding Systems Ltd.	Joel Schulman Vice-President, Supply Management
Husteel Co., Ltd.	K. J. Jang Export Team
Hyundai HYSCO	Minkyu Lee
IÇDAŞ Çelik Enerji Tersane ve Ulasim Sanayi A.Ş.	Victoria Bazan Barrister & Solicitor
INI Steel Company	Sangbong Huh
Iscor Limited	Peter Clark Sean Clark John B. Currie Grey, Clark, Shih and Associates, Limited
Ispat Inland Inc.	Chris Hines Gordon LaFortune Grey, Clark, Shih and Associates, Limited
Ispat Karmet	Satish Taparia Executive Director (Finance, Commercial & Administration)
Ispat Sidex S.A.	Satyakam Basu

Party	Counsel / Representative
Istanbul Ferrous and Non-Ferrous Metals Exporters' Association	Victoria Bazan Barrister & Solicitor
J. B. & S. Lees	Peter Clark Sean Clark Sarah Baxter Grey, Clark, Shih and Associates, Limited
Jindal Iron & Steel Co., Ltd.	C. J. Michael Flavell, Q.C. Geoffrey C. Kubrick J. Peter Jarosz Yasir A. Naqvi Jin Han Raahool Watchmaker Flavell Kubrick LLP
JSC Dneprospetsstal	Yatsenko Aleksandr
JSC Mechel of Russia	A. Liakhov Director of Foreign Trade Department
JSC Severstal	Andrey V. Shikhanovich Manager of Sales Directorate
Kao Hsing Chang Iron & Steel Corp.	Chiu-Yueh Yang Executive Advisor
Kaptan Demir Çelik Endustrisi ve Ticaret A.Ş.	Victoria Bazan Barrister & Solicitor
Kawasaki Steel Corporation	Sean Clark Grey, Clark, Shih and Associates, Limited
Knightsbridge International Corp.	Donald Goodwin Carol McGlennon James Hopkins Tracon Consultants Ltd.
Kobe Steel, Ltd.	Peter Clark Sean Clark Grey, Clark, Shih and Associates, Limited
Krivorozhstal State Mining and Metallurgical Integrated Works	Valeriy P. Stasyuk Director for Foreign Economic Relations, Marketing and Sales

Party	Counsel / Representative
Lyman Steel Company	Andrew A. Bradley Bradley Trade Consulting - and - Mark P. Lunn John M.Gurley Coudert Brothers LLP
Macsteel International (Canada) Ltd.	Peter Clark Sean Clark Grey, Clark, Shih and Associates, Limited
Magna International Inc.	Peter Clark Sean Clark Grey, Clark, Shih and Associates, Limited
Mannesmann Boru Endustrisi A.Ş.	Victoria Bazan Barrister & Solicitor
Marubeni-Itochu Steel Canada Inc.	Denis Gascon Richard A. Wagner Dominique A. Nouvet Ogilvy Renault LLP
Metals Service Centre Institute	Ian E. Williams
Midland Steel Ltd.	Richard S. Gottlieb Darrel H. Pearson Jesse I. Goldman Michael G. Woods Shane Brown Gottlieb & Pearson - and - Peter W. Collins Introcana Trade Services Inc.
Ministry of Economic Development and Trade of the Russian Federation	Valery Makharadze Trade Commissioner Dmitry Babakhin Assistant Trade Commissioner
Mitsubishi International Steel Inc.	Edward Coble Manager of Logistics and Insurance Department
Mitsui & Co. (Canada) Ltd.	Sean Clark Grey, Clark, Shih and Associates, Limited

Party	Counsel / Representative
National Automotive Radiator (Narmco)	Peter Clark Sean Clark John B. Currie Wallis Stagg Grey, Clark, Shih and Associates, Limited
National Steel Corporation	Chris Hines Gordon LaFortune Grey, Clark, Shih and Associates, Limited
Nippon Steel Corporation	Peter Clark Sean Clark Grey, Clark, Shih and Associates, Limited
Nisshin Steel	Peter Clark Sean Clark Grey, Clark, Shih and Associates, Limited
NKK Corporation	Peter Clark Sean Clark Grey, Clark, Shih and Associates, Limited
North American Tillage Tools Co.	Allan H. Danek Operations Manager Ron Clarke Plant Controller
North-East Tubes Inc.	Peter Clark Sean Clark Grey, Clark, Shih and Associates, Limited
Novolipetsk Iron and Steel Corporation	V. P. Nastich Acting Director General
Olbert Metal Sales Limited	Donald Goodwin Carol McGlennon James Hopkins Tracon Consultants Ltd.
Oreport (Pty) Ltd.	David Allday Director
Paragon Industries, Inc.	Chris Hines Gordon LaFortune Grey, Clark, Shih and Associates, Limited
Petrotub SA Roman	Gino Bulai Commercial Director

Party	**Counsel / Representative**
Pohang Iron & Steel Co., Ltd.	Mark N. Sills Alyson N. D'Oyley Heather Landymore Peter Sang-Ho Cho Macleod Dixon LLP - and - Anthony T. Eyton Trade Commissioner Consulting Service Inc.
Pro-Tec Coating Co.	Chris Hines Gordon LaFortune Grey, Clark, Shih and Associates, Limited
Protin Import Ltd.	Andre Berner President
Prudential Steel Ltd.	David W. Rowbotham Rowbotham Law Office
Russel Metals Inc.	Edward M. Siegel, Jr. President and Chief Executive Officer
RZ Ladna Valavnica A.D.	Mile Georgievski Executive Director
RZ Valavina za lenti A.D.	Mihailo Misev
S.C. Tepro S.A.	Vastle Plugaru General Manager
Sahaviriya Steel Industries Public Company Limited	Richard S. Gottlieb Darrel H. Pearson Jesse I. Goldman Michael G. Woods Shane Brown Gottlieb & Pearson
Salzgitter AG	Donald Goodwin Carol McGlennon James Hopkins Tracon Consultants Ltd.
Salzgitter Trade, Inc.	Donald Goodwin Carol McGlennon James Hopkins Tracon Consultants Ltd.
Sandvik Steel Canada	G. P. (Patt) MacPherson Naila Elfar Corporation House Ltd.

Party	Counsel / Representative
Sheng Yu Steel Co., Ltd.	Harvey Wang
Siderar S.A.I.C.	Geoffrey C. Kubrick Flavell Kubrick LLP
Siderúrgica Barra Mansa S/A	Peter Clark Grey, Clark, Shih and Associates, Limited
Siderurgica del Orinoco	Geoffrey C. Kubrick Flavell Kubrick LLP
Silcotub S.A.	Peter Clark Sean Clark Grey, Clark, Shih and Associates, Limited
Sleegers Engineering Inc.	G. P. (Patt) MacPherson Naila Elfar Corporation House Ltd.
SSAB Oxelösund AS	Richard S. Gottlieb Darrel H. Pearson Jesse I. Goldman Michael G. Woods Shane Brown Gottlieb & Pearson
SSAB Tunnplåt AB	Richard S. Gottlieb Darrel H. Pearson Jesse I. Goldman Michael G. Woods Shane Brown Gottlieb & Pearson
Sumitomo Metal Industries, Ltd.	Peter Clark Sean Clark Grey, Clark, Shih and Associates, Limited
Supreme Steel Pipe Corp.	Salvador Martinez Jr. Representative
T. Co Metals Limited	Gregory J. Gorman, Q.C. Barrister & Solicitor
Tenaris Group	Geoffrey C. Kubrick Flavell Kubrick LLP
Thyssen Canada Limited	Donald Goodwin Carol McGlennon James Hopkins Tracon Consultants Ltd.

Party	Counsel / Representative
Thyssen Marathon Canada Ltd.	Christopher J. Kent Barrister & Solicitor - and - Martin Goyette Robert C. Cassidy, Jr. Deirdre Maloney Wilmer, Cutler & Pickering
ThyssenKrupp ASTUSA Inc.	Donald Goodwin Carol McGlennon James Hopkins Tracon Consultants Ltd.
ThyssenKrupp Electrical Steel AST S.p.A.	Donald Goodwin Carol McGlennon James Hopkins Tracon Consultants Ltd.
ThyssenKrupp Electrical Steel GmbH	Donald Goodwin Carol McGlennon James Hopkins Tracon Consultants Ltd.
ThyssenKrupp Stahl AG	Donald Goodwin Carol McGlennon James Hopkins Tracon Consultants Ltd.
ThyssenKrupp Steel North America, Inc.	Donald Goodwin Carol McGlennon James Hopkins Tracon Consultants Ltd.
TIW Western Inc.	G. P. (Patt) MacPherson Naila Elfar Corporation House Ltd.
TKA Fabco	Peter Clark Sean Clark John B. Currie Wallis Stagg Grey, Clark, Shih and Associates, Limited
Toyota Motor Manufacturing Canada Inc.	Richard G. Dearden Maureen L. Murphy Gowling Lafleur Henderson LLP

Party	Counsel / Representative
TradeARBED Canada Inc.	Donald Goodwin Carol McGlennon James Hopkins Tracon Consultants Ltd.
TriStar Steel Sales Inc.	Jeff Scott President
Tube Investments of India Ltd.	N. Srikanth Vice-President (Strips & Materials)
U.S. Steel Košice, s.r.o.	Rastislav Masnyk Assistant General Counsel
Unalloy-IWRC	Dave Neil President
Union Steel Mfg. Co., Ltd.	B. D. Soh International Trade Affairs Team Leader
United States Steel Corporation	Chris Hines Gordon LaFortune Grey, Clark, Shih and Associates, Limited
United Steelworkers of America	Lawrence McBrearty National Director
Usinas Siderúrgicas de Minas Gerais S/A	Peter Clark Sean Clark John B. Currie Grey, Clark, Shih and Associates, Limited
Usinor Canada Inc.	Denis Gascon Richard A. Wagner Dominique A. Nouvet Ogilvy Renault LLP
V & M do Brasil S.A.	Dean Peroff Amsterdam & Peroff - and - Peter A. Magnus Magnus Trade Law
Vallourec & Mannesmann Tubes	Dean Peroff Amsterdam & Peroff - and - Peter A. Magnus Magnus Trade Law

Party	Counsel / Representative
Vallourec Tubes Canada Inc.	Dean Peroff Amsterdam & Peroff - and - Peter A. Magnus Magnus Trade Law
Western International Forest Products, Inc.	Mark N. Sills Alyson N. D'Oyley Heather Landymore Peter Sang-Ho Cho Macleod Dixon LLP - and - Anthony T. Eyton Trade Commissioner Consulting Service Inc.
Wirth Steel, A General Partnership	Donald Goodwin Carol McGlennon James Hopkins Tracon Consultants Ltd.
World Metals Corporation	Peter Clark Sean Clark Sarah Baxter Grey, Clark, Shih and Associates, Limited
Yieh Loong Enterprise Co., Ltd.	Nelson Wu
Yieh Phui Enterprise Co., Ltd.	Donald Goodwin Carol McGlennon James Hopkins Evgeny Pavlenko Tracon Consultants Ltd.
Zaporizhstal Iron & Steel Works	Olexandr Rabtsun Deputy Chairman of the Board

APPENDIX VIII

REMEDY SUBMISSIONS BY PRODUCT

Discrete Plate

Coalition of Canadian Steel Producers

A.G. der Dillinger Hüttenwerke, Arcelor S.A. and Usinor Canada Inc.

BHP Steel Limited and BHP Steel Americas, Inc.

Böhler-Uddeholm AG, Edelstahl Witten-Krefeld GmbH, Böhler-Uddeholm Ltd., Thyssen Marathon Canada Ltd., Buderus Edelstahl Werke AG and Buderus Specialty Steel Corp.

Brazilian Mills (Companhia Siderúrgica Nacional (CSN), Usinas Siderurgicas de Minas Gerais S.A. (USIMINAS) and Companhia Siderúrgica Paulista (COSIPA))

China Iron and Steel Association and China Chamber of Metals, Minerals and Chemicals, Importers and Exporters

Corus America Inc. and Corus Group plc

Iscor Limited

Istanbul Ferrous and Non-Ferrous Metals Exporters' Association and Eregli Iron and Steel Works Co.

Midland Steel Ltd.

Salzgitter AG and ThyssenKrupp Stahl AG

SSAB Oxelösund AB

U.S. Mills (Bethlehem Steel, National Steel and United States Steel International)

Cold-rolled Sheet and Coil

Coalition of Canadian Steel Producers

Arcelor S.A. and Usinor Canada Inc.

Balli Klockner Canada Limited

BHP New Zealand Steel and BHP Steel Americas, Inc.

Böhler-Uddeholm AG, Edelstahl Witten-Krefeld GmbH, Böhler-Uddeholm Ltd., Thyssen Marathon Canada Ltd., Buderus Edelstahl Werke AG and Buderus Specialty Steel Corp.

Brazilian Mills (Companhia Siderúrgica Nacional (CSN), Companhia Siderúrgica Paulista (COSIPA) and Usinas Siderurgicas de Minas Gerais S.A. (USIMINAS))

China Iron and Steel Association / China Chamber of Metals, Minerals and Chemicals, Importers and Exporters

Corus America Inc. and Corus Group plc

Government of New Zealand

Honda of Canada Mfg.

Honda Canada Inc.

Iscor Limited

Istanbul Ferrous and Non-Ferrous Metals Exporters' Association, Borçelik Çelik Sanayii Ticaret A.S. and Eregli Iron and Steel Works Co.

Jindal Iron & Steel Company

Magna International Inc., National Automotive Radiator (The Narmco Group) and TKA Fabco

New Zealand Steel Limited and BHP Steel Americas, Inc.

Pohang Iron & Steel Co., Ltd. and Daewoo Canada Ltd.

Siderar S.A.I.C.

Siderurgica del Orinoco C.A.

SSAB Tunnplåt AB

T. Co Metals Limited

Toyota Motor Manufacturing Canada Inc.

TradeARBED Canada Inc.

U.S. Mills (AK Steel, Bethlehem Steel, Ispat Inland, National Steel and United States Steel International)

Angles, Shapes and Sections

Coalition of Canadian Steel Producers

Acindar S.A.

China Iron and Steel Association and China Chamber of Metals, Minerals and Chemicals, Importers and Exporters

Corus America Inc. and Corus Group plc

Ferrostaal Metals Ltd., Salzgitter Canada and TradeARBED Canada Inc.

Iscor Limited

Istanbul Ferrous and Non-Ferrous Metals Exporters' Association, Çebi Metal Sanayi ve Ticaret A.S. and Kaptan Demir Çelik Endustrisi ve Ticaret A.S.

Midland Steel Ltd.

Reinforcing Bars

Coalition of Canadian Steel Producers

Acier AGF Inc.

Acindar S.A.

Barzelex Inc.

China Iron and Steel Association and China Chamber of Metals, Minerals and Chemicals, Importers and Exporters

Ferrostaal Metals Ltd., CCC Steel GmbH, Thyssen Canada Ltd. and TradeARBED Canada Inc.

Gilbert Steel Limited

Iscor Limited

Istanbul Ferrous and Non-Ferrous Metal Exporters' Association, Çolakoglu Metalurji A.S., Diler Iron and Steel Works Inc., HABAS Sinai ve Tibbi Gazlar Istihsal Endustrisi A.S., IÇDAS Çelik Enerji Tersane ve Ulasim Sanayii A.S., Çebi Metal Sanayii ve Ticaret A.S. and Kaptan Demir Çelik Endustrisi ve Ticaret A.S.

Siderurgica del Orinoco C.A.

Standard Pipe

Coalition of Canadian Steel Producers

Algoma Tubes Inc.

ACI Automotive Components Inc.

Acindar S.A.

Castle Tubulars Inc.

China Iron and Steel Association and China Chamber of Metals, Minerals, and Chemicals Importers and Exporters

European Steel Tube Association, Benteler Stahl/Rohr GmbH and Vallourec & Mannesmann Tubes

Ferrostaal Metals Ltd., Knightbridge International Corp. and Thyssen Canada Limited

Honda of Canada Mfg.

Iscor Limited

Istanbul Ferrous and Non-Ferrous Metals Exporters' Association, Borusan Birlesik Boru Fabrikalari A.S. and Mannesmann Boru Endustrisi T.A.S.

Protin Import Ltd.

Siderca S.A.I.C.

Tristar Steel Sales Inc.

Tubos de Acero de Venezuela S.A.

U.S. Mills (AK Steel, Bethlehem Steel, Paragon Industries and United States Steel International)

Western International Forest Products, Inc.

APPENDIX IX

GENERAL INJURY AND REMEDY SUBMISSIONS

Participants that Filed *De Minimus* and/or Developing Country and/or General Injury Submissions

Centro de Industriales Siderurgicos
Government of New Zealand
Government of the Argentine Republic
Trade Representation of the Russian Federation in Canada
United Steelworkers of America

Participants that Filed *De Minimus* and/or Developing Country and/or General Remedy Submissions

China Iron and Steel Association and China Chamber of Metals, Minerals and Chemicals, Importers and Exporters
Erbosan Erciyas Boru Sanayii ve Ticaret A.Ş.
High Commission of India
Turkish Embassy – Commercial Counsellor's Office
U.S. Steel Košice, s.r.o.

APPENDIX X

WITNESSES - REMEDY HEARING

Witness	Title / Company
Domestic Producers:	
Terry G. Newman	President and Chief Executive Officer Co-Steel Lasco Inc.
Sandra Edrupt	General Manager Marketing Dofasco Inc.
Scott Meaney	Manager, Marketing & Sales Gerdau MRM Steel Inc.
Christian Castonguay	Vice-President, Marketing and Sales Ispat Sidbec Inc.
Denis Boiteau	Sales / Marketing Manager, Plate & Strip Stelco Inc., Hilton Works
James E. (Jef) Fry	General Manager Stelpipe
Others:	
Al Kingsley	Commodity Business Manager Camco
Brian S. Cain	Vice President Eastern Canadian Region Comco Pipe & Supply Company
B.A. (Beverley) Snyder	Worldwide Purchasing Purchasing Manager Metallic & GM Steel Resale General Motors of Canada Limited
Jim Phillips	General Manager Purchasing Division Honda of Canada Mfg.
Graham Postma	Business Manager Karmax Heavy Stamping
Luc Pelland	Vice-President, Supply Le Groupe Canam Manac
David J. Halcrow	Vice President, Purchasing Russel Metals Inc.
Steve Cohen	Salit Steel
Robert James	Senior Vice President Thyssen Canada Limited
James Brander	Professor of Economics University of British Columbia

APPENDIX XI

HS COMMODITY CODES: 1996 TO 2001

Under the Order, the Tribunal is to inquire into all imports of certain steel products from all sources. The goods subject to the inquiry are described in the schedule of specified goods as amended on April 18, 2002.

The only source of data on all imports from all sources is trade statistics published by Statistics Canada that publishes data on the volumes and value for duty of imports originating in all countries. Indeed, with thousands of importers of steel products, it is impossible to generate import data on all imports, in the time available, through a questionnaire survey.

The key to extracting import data from Statistics Canada trade data is the 10-digit HS Code under which a good is recorded when it enters Canada. Because the Order does not include a list of the 10-digit HS Codes under which the goods are imported, Tribunal staff needed to establish one.

Tribunal staff, in conjunction with a tariff classification expert from the Canada Customs and Revenue Agency, identified the 10-digit HS Codes used for the recording of imports in 2001 for which the description of the goods was covered by the description of the specified goods. Goods were found to be imported under over 400 separate 10-digit codes. They were allocated among the nine specific goods on which the Tribunal is conducting its inquiry. Because certain HS Codes and descriptions change from one year to the next, staff needed to establish a concordance between the 2001 list of codes and those of each of the years of the 1996 to 2001 period of inquiry. Starting with the 2001 list, and by comparing their descriptions with those of HS Codes for each of the other five years of the inquiry period, Tribunal staff identified the appropriate codes for data extraction for each of the years 1996 to 2000.

Several codes, including the goods, were unchanged between 1996 and 2001. In some instances, the codes changed, but the description of goods included under them was unchanged. In many other instances, the codes changed in one of the three following ways:

- Goods under separate codes for 2001 were included under a single code in an earlier year.
- A single code for 2001 includes goods that were included under more than one code for an earlier year.
- Goods under 10-digit codes within the same 6- or 8-digit HS number, all of which describe the goods in 2001, are included under different 10-digit codes under an unchanged 6- or 8-digit number in an earlier year.

In a number of instances, the goods described in a 10-digit code in 2001 were included under a code in an earlier year that also included goods not subject to the inquiry. Almost all of these non-subject goods were included as annex items in earlier years. To extract the import data, Tribunal staff excluded the imports reported under the annex items. Similarly, some goods included under codes for different subject goods in 2001 were included under a single 10-digit code in an earlier year. Where the volumes of the particular good are reported as an annex item, the imports were allocated to the appropriate subject good for the earlier year. Where there was no annex item, the imports were allocated by subject good for earlier years on the basis of the ratio between them for years where separate data were available.

Where the product description for the 10-digit HS Code includes, in every year, goods explicitly excluded by the Order, adjustments were made to the import data. This was the case for cold-rolled steel sheet, where the Tribunal requested large importers of full-hard cold-rolled steel sheet to report their import volumes. These volumes are excluded from import data on cold-rolled sheet imports derived from the 10-digit HS Codes.

Notwithstanding the verifications made, import data may include some goods not subject to the inquiry or imports of specified product may include some imports of another specified good. In addition, although the Tribunal attempted to establish a list of codes that corresponded, to the greatest extent possible, to the goods subject to the inquiry, certain codes comprising subject goods may not be included. On the basis of the extensive verifications made, however, it is reasonable to assume that the inclusion or exclusion of a good as part of the specified goods, or in another group, is unlikely to have a significant impact on trends in imports over the period.

On April 3, 2002, the Tribunal issued lists of HS Codes for each of the nine product groups. A number of revisions have subsequently been made to the list. The main change was the addition of certain codes as a result of the amendment to the schedule of specified goods in the modified Order on April 18, 2002.

In summary, the 1996 to 2001 import series created using the HS Codes may include some goods that are not subject to the inquiry. Because imports of such goods would be included under the same 10-digit code with goods that are subject to the inquiry, their actual import volumes cannot be identified. In addition, there are a number of individual 10 digit HS Codes that include goods that fall within two of the specified product groups. In both instances, their inclusion over the six-year period is not likely to affect trends in imports shown for all imports. It should also be noted that, even assuming that the descriptions of the HS Codes used match the description in the Order, the underlying Statistics Canada data may contain errors due, for example, to misclassification or misreporting of goods.

APPENDIX XII

TRIBUNAL STAFF INVOLVED IN THE INQUIRY

1. RESEARCH BRANCH

Project Director
Peter Welsh

Director of Economics/Remedies
Sandy Greig

Lead Research Manager
Audrey Chapman

Research Manager
John Gibberd

Research Officers
Manon Carpentier
Eric Gélinas
Martin Giroux
Joël Joyal
Po-Yee Lee
Colin MacLean*

Economists
Eric Futin
Geneviève Chaloux

Chief, Statistical Research
Shiu-Yeu Li

Statisticians
Philippe Bessette*
Caroline Bouchard*
Julie Charlebois
Cynthia Collette*
Rhonda Heintzman
Shawn Jeffrey
Rickesh Kotecha*
Lise Lacombe
Angela Lam*
Jennifer Leung*
Martin Ménard*
Marie-Josée Monette
Zachariah Parker*
Margaret Saumweber

Administrative Support
James Larkin
Sandra Moniz

2. LEGAL SERVICES

Tribunal Counsel
Philippe Cellard
Dominique Laporte

3. SECRETARIAT

Assistant Registrar
Gillian E. Burnett

Registrar Officers
Natalie Lowe
Céline Sarazin
Ingrid K. Sherling
Karine Turgeon

Editorial Services
Suzanne Cullen
Françoise Lalonde
Monique Menard
Danielle Lefebvre
Sylvie Martin

Library
Ursula Schultz
Josée Whelan

Administrative Services
Gilles Plouffe
Suzanne Gagnon
Louis Lamontage
Marc Carrière

Mailroom and Registry
Lucie Laframboise
Paul Forget
Mario Pagette
Ginette Vienneau

Information Technology
Robert Paquet
Stéphane Blais
Michel Bourgeau
Claude Labelle
Martin Paquette

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*Temporary or Secondment